FINANCIAL TIMES

No. 27,716 Thursday November 16 1978 ** 15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pts 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

GENERAL

Surprise Smith visit to Botha

Rhodesian Premier Ian Smith and his three colleagues in the interim government arrived in Pretoria for announced talks with P. W. Botha, the South African Prime Minister.

No details of the visit were given though it was described in Pretoria as a "courtesy call."

The trip comes on the eve of a meeting at which the internal government has to decide whether or not majority rule elections can be held before the *December 31 deadline.* Page 4

Pym Shadow Foreign Minister

Conservative leader Margaret Thatcher has reshuffled the Shadow Cabinet, making Francis Pym Shadow Foreign Secretary in succession to John Davies, who is retiring from politics.

Norman St. John Stevas, formerly in charge of education, succeeds Mr. Pym as Shadow Leader of the House. Mark Carlisle is preferred to take over education rather than Dr. Rhodes Boyson and John Biffen returns to the Shadow Cabinet in charge of small business and the self-employed.

Rail fares up

British Rail fares will go up by about 9 per cent from January 7. The Price Commission said it was "very concerned" but would not hold an inquiry. Meanwhile there was chaos at Waterloo, London, as the drivers dispute hit commuter services.

Amin's visit

President Amin visited the disputed territory from which he *says* his troops are withdrawing but Tanzania appeared to be going ahead with a counter-offensive.

Times deal

Times Newspapers has concluded an agreement with circulation representatives, its first breakthrough in an effort to bring in new working methods. The group has said it will suspend publica*tion on November 30* unless all unions reach agreement. Page 10

Soccer boss 'lied'

Tommy Docherty, Derby County manager and former boss at Manchester United, dropped his libel action against Granada Television and the footballer Willie Morgan. Mr. Docherty admitted in the High Court that he had told "a pack of lies" in evidence on Tuesday.

Still no verdict

The Old Bailey secrets trial jury spent its second night in an hotel after failing to reach a verdict. Twice yesterday the jury returned to court to ask questions.

Post haste . . .

Parisians fought their way into cafes and bistros for a first taste of beaujolais nouveau following the traditional race from Macon. The race is seen as a heresy to many people who say it is only indulged in by wine snobs.

Poste restante

The French post office has recovered 35,000 letters from a sewer in Paris. The letters will be disinfected, used *for police* inquiries into their loss and then delivered.

Briefly . . .

Thieves stole 10m Green Shield *stamps and 1,000 empty stamp* books from a car in Manchester.

Head on a pint of beer will no longer count as part of the measure under a new Government Bill.

Dr. Margaret Mead, *the* American anthropologist, died in New York aged 77.

Log kept by the co-pilot of the aircraft that dropped the first atomic bomb on Hiroshima has been *sold* for $85,000.

Ladbrokes make Miss Australia 7-1 favourite for tonight's Miss World contest.

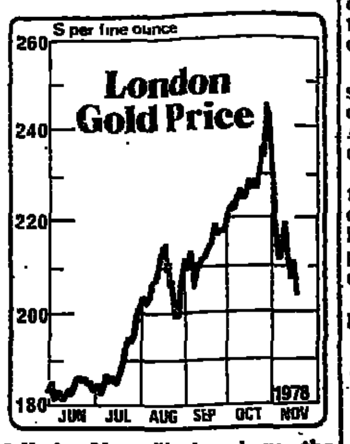
BUSINESS

Equities fall 11.9; gold off $6½

● **EQUITIES** reacted sharply following Tuesday's collapse of Government-TUC wages talks and Beecham's £82.5m rights issue. The FT ordinary share index was down 11.9 to 475.6. *Gold mines fell 4.2 to 133.6.*

● **GILTS** remained unchanged at 68.28 after early losses among longs.

● **GOLDS** declined sharply in London to close $6½ an ounce down at $203¾ following the fall in New York, where the Comex November settlement closed at $198.50 ($208.50).



● **STERLING** fell 40 points to $1.9680, but its trade weighted index rose to 62.5 from 62.4. The dollar was slightly stronger at DM 1.8955 (DM 1.8855). Its depreciation narrowed to 9.3 per cent (9.7 per cent).

● **WALL STREET** closed 0.34 up at 785.60 after being 7 points stronger at one stage.

● **GOVERNMENT** *is to* pr[illegible] £52m to help set up the De Lorean sports car project in West Belfast. Group Lotus will help with design and engineering. Back Page

● **A REVISED** double tax treaty between the U.S. and Britain has been officially agreed. It will include additional concessions to the UK regarding U.S. companies operating in the North Sea. Page 8

● **INTERNATIONAL** Air Transport Association, will survive despite U.S. Government efforts to dismantle its air fares co-ordinating machinery, says the newly-elected IATA president. Page 3

● **BRITAIN'S** *sterling-based trade* deficit with Japan has widened this year, with exports rising by only 20 per cent to £565m, compared with a 31 per cent rise the previous year. Page 6

● **MAJOR CHANGES** in the Government's fiscal and monetary objectives and in the present system of wage bargaining are urged by Professor James Meade, the Cambridge economist. Page 10

● **THE MECHANICAL** engineering industry has performed poorly this year despite rising home demands and could face further pressure next year through high wage demands. Page 10

● **CHEMISTS** are threatening to take industrial action because the Social Services Secretary has referred to an independent panel *their three-year claim for more* money. Page 8

● **SHIPBUILDING** union delegates will be given details today of British Shipbuilders' plans for redundancies and yard closures, and offered a new wage structure. Page 10

COMPANIES

● **CHLORIDE GROUP** pre-tax profits rose 68 per cent to £12.1m (£7.22m) in the six months to end of September. Sales climbed 24.6 per cent to £166.81m. Page 24 and Lex

● **F. W. WOOLWORTH** had a third-quarter pre-tax profits rise of 3.5 per cent to £10.45m, to give a £23.03m total for the nine months to October 31. Page 24 and Lex.

● **PHILIPS,** the Dutch electronics group, saw net profits fall by 14 per cent to Fl 120m ($59m) in the third quarter, compared with a year ago. Trading profits fell only 5 per cent. Page 29

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Saatchi and Saatchi	112	+ 5
Sekers Intnl.	35	+ 3
Sotheby PB	331	+ 8
Stylo Shoes	67	+ 4
FALLS		
BATs Dfd.	235	− 5
Beecham	623	− 27
Boots	198	− 4
British Land	39	− 2½
Brown (J.)	50pm	− 14
Brown Shipley	248	− 7
Chloride Grp.	111	− 5
Davy Crpn.	144	− 7
E. Midland Allied A	57	− 5
Fisons	311	− 13
Guinness (A.)	150	− 4
Hawker Siddeley	228	− 10
JCEG	14½	− 2½
Land Secs.	227	− 6
Lloyds Bank	258	− 7
MEPC	137	− 5
Marks and Spencer	84	− 4
Metal Box	306	− 6
Perry (H.)	108	− 5
Phoenix Assurance	216	− 8
Royal Insurance	348	− 5
Sainsbury (J.)	230	− 7
Smith (W. H.) A	144	− 5
Woolworth (F. W.)	67½	− 3
Shell Transport	577	− 10
Charter Cons.	132	− 8
East Drie.	611	− 23
Kloof	480	− 20
Venterspost	152	− 16
Western Hldgs.	£14	− 1½

Cautious view of economy for next year

Treasury forecasts slower expansion

BY PETER RIDDELL, Economics Correspondent

THE GOVERNMENT presented a far from rosy view last night of the expected development of the economy in the next 12 months, even on the assumption that the pay guidelines are not breached.

The latest Treasury forecasts indicate continued expansion of economic activity in 1979, though at a slower rate than this year.

Private manufacturing investment is expected to start declining in 1979 after its recent strong recovery, while the current account of the balance of payments is projected at between balance and a small deficit.

Borrowing by the public sector is forecast at £8bn in the current financial year to next April, compared with the £8½bn official ceiling.

Borrowing is estimated to rise to £8½bn in 1979-80, though because of the growth of output its share of gross domestic product should remain unchanged at about 4¾ per cent.

These projections assume that personal income tax allowances and bands are increased in the spring Budget in line with price rises in 1978, producing a revenue loss of £1¼bn, and that specific indirect tax rates, notably on alcohol and tobacco, are similarly linked to the inflation rate, adding £500m to revenue.

The overall borrowing projections have a margin of error of £2bn to £3bn at this stage.

These estimates are likely to do little to allay City concern about the dangers of a conflict between *the* Government's fiscal stance, and its money supply objectives.

Indeed some recent brokers' estimates of public-sector borrowing for 1979-80 have been between £500m and £1bn higher than the Treasury's figure.

The key assumption on which the forecasts rest is that earnings will rise by 7 per cent during the current pay round, as the Government hopes will *happen. It is also assumed that* the effective exchange rate will be unchanged.

On this basis the 12-month rate of retail price inflation, at present 7.8 per cent, is expected to fluctuate between 8 and 9 per cent.

The credibility of the whole forecast may be undermined by the pay assumption, which is regarded as wholly unrealistic by most non-Whitehall commentators

A widespread view is that earnings could rise by between 10 and 12 per cent in the current round, and that this would push the rate of price inflation up to about 10 per cent next year and *reduce projections for the growth* of output by the end of 1979.

But even assuming a successful pay policy, the Treasury is not particularly optimistic about the economy next year.

It projects a slowdown in the rate of growth of total output, as measured by real gross domestic product, from 3½ per cent in the last year to 2 per cent over the next 12 months.

In particular, growth of manufacturing production is expected to slacken from 2½ per cent in the last year to 1 per cent in the next.

This has led to a cautious interpretation of the various investment intentions surveys, and the projection that private-sector manufacturing investment, up 15 per cent in the last year, will drop by 2¼ per cent between the second halves of 1978 and 1979.

Consumer spending, up 5¼ per *cent in the last year, should rise* by a further 2½ per cent over the next 12 months, sustained in large part by an expected fall in the rate of personal saving. This is one of the most uncertain aspects of the forecast.

The higher expected consumer spending would lead to a further rise in imports, up 6¼ per cent in the next 12 months after an 11 per cent increase in the last year.

Britain's exports of manufactured goods are expected to rise more rapidly next year, almost as much as the projected faster expansion of world trade.

But there is still likely to be *a deterioration in the volume of* net trade in manufactured goods and rising oil production is required to ensure that the current account remains close to balance.

Details Page 11 ● Editorial comment Page 22 ● Lex Back Page

Healey says no more talks with TUC—and warns Ford

BY RICHARD EVANS, LOBBY EDITOR

MR. DENIS HEALEY, Chancellor of the Exchequer, confirmed [illegible] that the Government has now abandoned any hope of trying to re-negotiate the incomes policy package, following the failure of the TUC's General Council to support it.

He hinted, too, in the House of Commons yesterday that the Government would be prepared to invoke sanctions against Ford, when the motor company settles well in excess of the 5 per cent guideline.

"You should be under no illusions. If we get a settlement outside the guidelines, we shall use our discretionary powers in consequences," he told MPs.

Sanctions would mean that Ford would join the Government's blacklist and would not *receive Government contracts.* In addition, State industrial aid and export credits could be withdrawn.

It was emphasised by Ministers later that no decision has yet *been reached by the Government* on Ford, and the issue will not come to a head until a settlement is negotiated.

A sombre Mr. Healey tried to salvage what he could from the ruin of the pay negotiations, but he made no attempt to hide his grave disappointment.

He will report back to the Cabinet today but no new initiatives are planned. Everything will now depend on the course pay settlements take in the coming months, and Ministers *are pinning their hopes on* public opinion growing increasingly hostile to inflationary wage demands.

No Ministers, least of all Mr. Healey, made any attempt to attack the General Council for its failure to accept the modest package, but Mr. Tom Jackson, General Secretary of the Union of [illegible] Workers and this year's [illegible] of the TUC, felt no such restraint.

He launched an astonishing attack on those colleagues who had voted against the pay agreement when their members would have benefited the most from it. And he claimed the trade union movement had lost its way.

"I grow tired of the posturing of those who claim to be Socialists and then demand the right to get not just their fair share but as much as is going for their particular members," he told a parliamentary Press gallery lunch.

Mr. Roy Hattersley, Secretary for Prices and Consumer Protection, stressed in a BBC radio interview that the Government's policy would still be based on the 5 per cent limit and he believed it would still be successful. "I do not believe it is a disaster. The Government's counter-inflation policy will go on."

John Elliott writes: The Confederation of British Industry last night prepared the ground *for a running battle with* Ministers over the Government's expected use of price controls and other sanctions to bolster its 5 per cent pay limit.

The monthly meeting of the *CBI council gave its president's* committee of 20 top industrialists plenary powers to take any action in support of a company facing Government penalties.

But the CBI failed to produce

Continued on Back Page

Parliament Page 11
Naked into the bargaining chamber Page 22

PRICE COMMISSION TO BE STRENGTHENED

The Government intends to press ahead with plans to strengthen the Price Commis*sion, through amendments to* the safeguard regulations, after first consulting with the TUC, CBI, and Commission. Latest figures from the Department of Employment show that wage settlements have been further *delayed* this year as employees and unions waited for the outcome of the Government-TUC talks. Page 8

Beecham in £83m rights issue

BY SUE CAMERON AND JOHN MOORE

BEECHAM, the UK-based pharmaceutical and consumer products group, is asking its shareholders for an extra £83m through a rights issue to finance *a £105m British expansion* programme.

News of Beecham's capital raising venture, one of the largest in recent years, had an immediate, and adverse, impact *on the group's share price which* ended the day at 623p, down 27p.

Other share prices were also hit by the announcement. The Financial Times 30-share index fell 11.9 points to 475.6, while the FT Actuaries pharmaceutical products index fell 2.4 per cent on the day.

Beecham intends to offer 14.7m new shares to shareholders at 566p a share, with shareholders having the right to take *one new share for every ten they* already hold, and one for every £25 nominal of 5 per cent convertible unsecured loan stock they may hold.

The interim dividend has been raised from 13p to 14.3p gross, an increase of 10 per cent, and Beecham is planning to increase the final dividend by 15 per cent, under the freedom gained by the rights issue.

Moreover, the group is intending to pay a gross interim dividend of 16.4p in its next financial year, an increase of 15 per cent, under new dividend legislation.

Plans for parts of the programme have already been announced. Last year the group *said it would be spending* £35m on its UK food and drinks plants. Last March it said a further £41m was to be spent on building a chemical plant at Irvine in Scotland and on modernis*ing pharmaceutical factories in* Sussex. The group now plans to increase spending at Irvine to £50m.

Mr. Ted Bond, Beecham's finance director, said yesterday that since 1972 the group had been concentrating on overseas expansion with the object of gaining a hold on major world markets.

The group expected to continue expanding overseas but this would have to be financed locally and overseas resources would not, therefore, be available for UK purposes.

The rights issue was underwritten by merchant bankers Hill Samuel and it found no shortage of sub-underwriters. Some 175 financial institutions *backed* the issue, and the last acceptance for sub-udnerwriting was received just after 3 pm yesterday.

Beecham's half year results, also published yesterday, showed a pre-tax profit of £76.1m com*pared with £69m last year.*

Results, Page 26
Lex, Back Page

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index phone 01-246 8026

Jonathan Carr, in Bonn, reports on latest prospects for the proposed European monetary system.

Bonn expects only UK to say 'no'

IT IS now considered likely in Bonn that eight of the nine EEC countries will be members of the new European Monetary System when it comes into being at the beginning of January.

Talks over the past week or two have increased confidence that two previously doubtful starters, Italy and Ireland, will be there on the day. Meanwhile, the impression has grown, and been partly confirmed by Mr. James Callaghan's speech on Monday, that Britain will stay out.

Some senior West German officials who have all along desired British participation still faintly hope, in spite of the evidence, that Mr. Callaghan may spring a pleasant surprise at the European Council on December 4 and 5.

Not all those in West Germany trying to establish the system are enthusiastic supporters of British participation. Certain powerful voices in the Bundesbank feel that technical operation of the system would be less hazardous if sterling were not initially included.

Subject

Moreover, some of those in Bonn who used to be prepared to make special allowances for Britain's economic difficulties have been alienated by British tactics on the system and related Community topics.

"If only they did not treat every subject as though it were a cause for re-negotiating Community membership," one Cabinet Minister remarked.

The irritation turned into something worse when it emerged that some in the London Government once considered trying to [illegible] others from going ahead [illegible] arrangements for the new [illegible] so long as Britain remained outside it.

No one here really believed that Mr. Callaghan would agree to such a policy, and the Prime Minister's assurances on the point on Monday have been noted approvingly. But the very fact that anyone responsible in London could have seriously conceived of it strengthened, if anything, German determination.

The message is that the system will, if possible, go ahead in a European Community context. But if a country for any reason chose to veto the Community course, ways would be found to *go ahead anyway.*

The reaction is more anger than sorrow, although that of Chancellor Helmut Schmidt is roughly the reverse.

He recognises and sympathises with Mr. Callaghan's domestic difficulties, in particular with the trade unions over pay policy. But that does not prevent him from feeling that for the third time in recent history, Britain is standing aside from an important development in the organisation of Europe: first over formation of the Coal and Steel Community in *the* early 1950s: then over the formation of the European Economic Community in *the late 1950s, now over the* monetary system.

The realisation is clearly personally and politically disappointing to one who, for more than 20 years, has been telling doubters that British participation was essential to the construction of Europe.

The disappointment is not aimed specially at the present British Government for, Herr Schmidt asks himself, would the probable alternative be better able to cope with those domestic difficulties that restrict Mr. Callaghan's room for manoeuvre? The problem with Britain, it is said, appears to lie deeper: in *the mood of its people.*

In contrast, it is believed in Bonn that the mood of the Italian people is a key reason why Sig. Giulio Andreotti, the Prime Minister, is likely to take his *country into the system from* the start.

He is said to believe that if he did not, there would be strong domestic pressure from Italians asserting that their Government *was tacitly admitting* that its economic policies were not working well enough and that Italy, a founder member of the Community, was thus being excluded from further European development.

However, the talks in Siena recently between Sig. Andreotti and Herr Schmidt disclosed that one technical issue involved in the system has real political significance.

Italy wishes to opt for wider fluctuation bands for the lira than the plus-or-minus 2.25 per cent currently operated by the members of the currency "snake" (who will also be members of the new system). It seems likely that Italy will be the only member of the system at the start choosing such wider margins.

Herr Schmidt notes that if he

Continued on Back Page

Economic Viewpoint Page 23

£ in New York

	Nov. 15	Previous
Spot	$1.9620-9635	$1.9690-9700
1 month	0.53-0.47 dis	0.45-0.40 dis
3 months	1.20-1.14 dis	0.91-0.86 dis
12 months	4.10-3.90 dis	3.75-3.56 dis

هكذا من الاصل

EUROPEAN NEWS

One man continues to dominate Austrian politics. **Paul Lendvai** reports.

'Kaiser Bruno' turns political defeat into personal victory

TO MANY observers, the narrow defeat of Austria's Socialist Government in the nuclear referendum on November 5 seemed to put an abrupt end to the career of Dr. Bruno Kreisky, the federal Chancellor and Socialist Party leader. He publicly identified himself with a "yes" to the commissioning of the controversial nuclear plant at Zwentendfor on the Danube, and even alluded to a possible resignation in the case of defeat.

Yet within 24 hours the tide turned. At an emergency meeting of the Presidium and later at a meeting of the executive committee of the Socialists, Dr. Kreisky received a unanimous vote of confidence from his comrades as well as unprecedented decision-making powers. Instead of resigning, he has emerged as a victor from what appeared to be the greatest political defeat of his career.

Some Austrians began calling him "the first social democratic dictator" in history. Others said that the whole exercise was merely a show to divert attention from a Socialist debacle. But all agreed that the only Austrian politician widely known abroad had again demonstrated his skill as a tactician. Dr. Bruno Kreisky, 68 next January, continues to dominate Austrian politics.

In many ways, his career is a case study in profoundly Austrian contradictions. In April 1970 he became the first properly elected Socialist Chancellor to head a socialist government in Austrian history. In a country which produced Adolf Hitler, the new Chancellor was not only "red"—but also a Jew with a Swedish wife.

Coming from a bourgeois, upper-class and fully assimilated Jewish family, originally domiciled for centuries in Moravia (now part of Czechoslovakia), and born in Vienna as the son of a well-to-do textile manufacturer, Herr Kreisky joined the Socialist youth movement as a teenager. He remained active in the underground after the civil war of 1934, for which he was jailed soon after the establishment of the corporate dictatorship. In all, he spent almost two years in prison, including a spell under the Nazi regime in 1938 following the Anschluss of Austria to the Third Reich.

Through the help of influential friends, Dr. Kreisky, who passed his final law degree examination in occupied Vienna, managed to obtain an exit permit for Sweden. After working briefly as correspondent for Swedish, Swiss and British newspapers, Dr. Kreisky was affiliated for many years to the powerful Swedish cooperative movement as an economic adviser and research associate. He also became leader of the Socialist emigrants in Sweden. It was there that he and Herr Willy Brandt became close friends.

He stayed on in Stockholm after World War II as a diplomat at the Austrian embassy and organised charity and aid for war-ravaged and occupied Austria. It was only in 1951, at the age of 40, that he returned and resumed his political career as deputy director of the office of the then federal President. Within two years, he entered the coalition Government as Secretary of State in the Foreign Office, taking over as Foreign Minister six years later.

New policy initiatives in three crucial areas were intimately linked with his seven-year tenure:

- The launching of an active Ostpolitik in relation to his Communist neighbours. This was long before Germany and the U.S. pushed open the Iron Curtain, and it provoked suspicion and resentment at the time of the Cold War.
- The advocacy of bridge-building between the European Free Trade Association (EFTA) and the Common Market, and the early and now generally accepted stance that Austrian neutrality was incompatible with full membership of the EEC.
- The internationalisation of the South Tyrol (Alto Adige) dispute with Italy, which ultimately resulted in a better deal for the German-speaking population in Alto Adige.

When the conservative People's Party won an absolute majority in 1966, the 20-year coalition system broke up and the Socialists went into opposition. After a brief spell as chief of the Socialist organisation in Lower Austria, Dr. Kreisky was elected, in the face of strong opposition by the party's dogmatic wing, as the new chairman. Upsetting all predictions, his new approach, coupled with a flair for public relations, proved highly successful at the polls.

In April, 1970, he embarked on the uncharted course of a minority Government after negotiations with the Populists had ended in a deadlock. On the night of his election victory, Dr. Kreisky concluded a secret and daring deal with the small Freedomite opposition party. In exchange for tacit suppport in Parliament, he carried out an electoral reform. Eighteen months later, he called a snap election and won, for the first time in Austrian history, an absolute majority of seats and votes for the Socialists.

His charismatic television performances radiating serenity, humour and dignity, were an important factor in the personalisation of issues in the small world of Austrian politics. "Kaiser Bruno," "Uncle Bruno" and similar nicknames reflect a deep-seated craving by the average Austrian for authority. After all, just over 60 years ago Vienna was the capital of an empire of 53m people.

In a real sense, Dr. Kreisky is the bridge between past and future. His handshake with Dr. Otto Habsburg, the son of the last Emperor, after years of Socialist vituperation against the "danger of restoration;" the opening of the party towards the Catholic Church and the freedom of access for journalists to the Chancellor and the members of his Cabinet combined to create a new style.

Perhaps the problem is that Dr. Kreisky has been too successful. Following his second electoral triumph in October 1975, once again capturing an absolute majority, some closest associates and the party itself have succumbed to the temptations of power. The pursuit of vested interests and promoting friends to positions of influence and wealth has separated those in power from the people. A string of corruption scandals and the disenchantment of large segments of the youth and hard-core Socialists were mainly responsible for the setbacks at this autumn's important regional elections in Vienna and Styria as well as in the nuclear referendum.

Political infighting and unsavoury intrigues within the small circle of his so-called "crown princes," coupled with loosening of the reins by the Chancellor, did the rest. For the first time, the opposition scented victory at the approaching general election.

"Kreisky should pay more attention to the private [illegible] transactions of some [illegible] lieutenants and to the [illegible] meddling of the union lea[illegible] to acting as a self-[illegible] mediator in the Middle [illegible] to quarrelling with Be[illegible] the rights of the Palest[illegible] senior Socialist func[illegible] remarked recently in [illegible] conversation.

The Chancellor himself is convinced that the narrow [illegible] the referendum was [illegible] better than a narrow [illegible] "The opposition can no [illegible] make political capital out of the nuclear issue before and [illegible] the 1979 election," he said, adding that "popularity is there to be consumed."

The Socialists know that only Dr. Kreisky (still favoured as Chancellor by 51 per cent of the people in a recent opinion survey) can avert a defeat next year. But it remains doubtful whether even such a consummate tactician can repeat the miracles of 1971 and 1975 by capturing an absolute majority.

Austria's balance of payments narrows

VIENNA, Nov. 15.

AUSTRIA'S BALANCE of payments during the first three quarters of this year showed considerable improvement. Official foreign exchange reserves rose by Sch 17.7bn ($655m). This higher than expected rise was due mainly to a surplus of Sch 17bn on long-term capital account against Sch 4.6bn during the same period last year.

The detailed breakdown just published by the national bank, shows, however, that there has been a substantial reduction of the current account deficit in the January-September period last year from Sch 28.5bn to Sch 11.6bn during the same period this year. The improvement is seen as the consequence of the stabilisation measures taken a year ago, including the upward revision of VAT on consumer durables from 18 per cent to 30 per cent.

While exports were up by 5.9 per cent to Sch140.9bn, the import bill fell by 2 per cent to Sch179.4bn. As a result, the visible trade deficit was down from Sch49.9bn to Sch38.5bn during the period.

Figures released by the Central Office of Statistics, by comparison, are slightly different from the central bank's since they exclude transit and gold transactions. They report a fall [illegible] the trade deficit from Sch[illegible] to Sch41.1bn.

According to the national bank, the surplus on services account rose from Sch21.5bn to Sch[illegible], thanks to a good performance by the tourist industry. Thus the gross intake from foreign tourists was up by 10 per cent to Sch50.6bn and the net surplus was up by 18.6 per cent to Sch27.3bn.

The so-called basic balance of payments showed a surplus of Sch5.5bn against a deficit of Sch[illegible].9bn last year. Taking into account statistical errors and omissions (Sch13.4bn) and the Sch8.6bn adverse balance in short-term capital transactions, the official reserves were up by Sch9.6bn. However, excluding the end of the year window dressing betwen the central bank and commercial banks, reserves were in fact up by Sch17.7bn.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $[illegible] (air freight) $365.00 (air mail) per annum. Second class postage paid at New York, N.Y.

Spanish unions cool to Suarez economic policy

BY ROBERT GRAHAM

MADRID, Nov. 15.

REPRESENTATIVES of Spain's leading trades union organisations today gave a cool reception to the Government's economic strategy for 1979. The Government is trying to persuade the unions to accept a 12.5 per cent wage ceiling traded against tougher controls on inflation and commitments to raise public sector investment.

Today's meeting was presided over by Sr Fernando Abril Martorell, the Economics Minister, who has been given the task of persuading unions and management to accept a wage pact for 1979. The unions were represented by Sr Marcelino Camacho, head of the Communist-controlled Confederation of Workers Commissions (CCOO) and Sr Nicolas Redondo, leader of the Socialist-orientated General Workers Union (UGT) which between them account for two-thirds of union membership.

The 12.5 per cent wage ceiling for 1979 compares with the 22 per cent observed for this year. This substantial cut, bringing wage increases closer to the average European level, is being opposed strongly by CCOO. The latter accepts the need to lower the ceiling but is unwilling, at least in the initial bargaining phase, to opt for anything lower than 16 per cent.

The Government is arguing that, provided inflation can be cut to 10 per cent next year, there is no justification for demands higher than 12.5 per cent. However, the unions are sceptical about government ability to reduce inflation so low. They also contest the official projection of an average 16 per cent inflation rate for 1978.

The positions of the two sides appear far apart on aids to combat unemployment and the question of easing the tight restrictions on hiring and sacking.

The 24-page government strategy document presented today anticipates a growth rate of 4.8 per cent for 1979. The unions are uncertain, whether such a growth rate can be achieved, given the continuing deep recession and the apparently vague commitments by the Government on public sector spending.

In the 1979 budget, approved by the Cabinet but not yet discussed in Parliament, there is a £660m special investment fund. But the Cabinet specifically approved the use of such a fund only if the Government was satisfied with the overall trend of wages and prices.

On the Government's growth projections, there are likely to be no more than 150,000 new jobs created. The unions feel that this is far too low. Given the number of people entering the labour market for the first time, such a target will scarcely absorb these, let alone make a dent in the level of unemployment.

On the equally important issue of easing the restrictions on hiring and firing, the Government is proposing that the unions agree to the employers being able to cut up to 3 per cent of their workforce in companies with more than 50 employees. The unions appear unwilling to accept this in isolation, realising that greater freedom in the movement of labour is the prime concern of the employers' federations, the CEOE. The CEOE for its part is saying that new investment is conditional on greater flexibility in the movement of labour, and more substantial government fiscal incentives.

Today's session is expected to have achieved little more than to define more clearly the positions of the two sides. The Government has already had extensive contacts with the CEOE, and today, in many respects, expressed views similar to those of the CEOE.

Early agreement is unlikely since the unions, in particular, are wary of committing themselves to a pact with the employers when a snap general election may be called in the early spring. Further, the uncertain political calendar is making the political parties reluctant to repeat the formal endorsement of an economic pact like last years Moncloa agreement.

King Juan Carlos embarks on his fourth and most controversial Latin American tour tomorrow, with visits to Mexico, Peru and Argentina, Reuter reports from Madrid. The tour takes place amid a groundswell of opposition here to reported Spanish arms sales to Right-wing South American governments and a new clamp down on South Americans living in Spain. It will be the third and last part of the 40-year-old monarch's sweep through Spain's former "new world" empire. Inclusion of Argentina has caused the most controversy. The Spanish Socialist Party, the major opposition group in Parliament, vigorously condemned the visit to Argentina when plans were announced three months ago. Pointing to widespread reports of human rights violations in Argentina, the Socialists demanded a full explanation from the Government.

Eldfisk Field development well

BY KEVIN DONE, ENERGY CORRESPONDENT

PHILLIPS PETROLEUM has completed the first development well on the Eldfisk Field in the Norwegian sector of the North Sea. Production is expected to begin next spring.

The Eldfisk Field is one of the most important satellite fields in the Ekofisk area. Two production platforms have already been installed and the B platform is expected to begin production in late 1979.

A total of 46-49 wells will be drilled from the two platforms over the next five years. Oil from Eldfisk will flow along a 15-mile pipeline to the Ekofisk Centre platform, from where it will be transmitted along the 220-mile pipeline to Seal Sands on Teesside.

The Eldfisk development well tested at a promising rate of 6,914 barrels a day and produced 7.9m cubic feet of gas a day. Phillips said yesterday that the well could produce at a higher level, but the production rate was limited by the capacity of the test equipment.

Production from the Ekofisk complex of fields is now running at about 350,000 barrels a day, Phillips said yesterday. Output is limited by the delay in the building of processing facilities at Teesside.

These units should start coming on stream next year, however, and will eventually allow production from the Ekofisk area to build up to as much as 765,000 barrels a day in 1981. The other fields that are still to come on stream are Edda and Albuskjell.

The companies in the Ekofisk group include Phillips, Petrofina, Elf Aquitaine, Norsk Hydro, Total, Coparex, Eurafrep and Cofranord.

EUROPEAN NEWS

French Cabinet approves job-boosting measures

BY DAVID CURRY

PARIS, Nov. 15.

AS THE Communist-led CGT union today staged stoppages and demonstrations against Government economic policies, the French Cabinet approved a series of modest measures to encourage employment.

However, the limited room for manoeuvre which the Government has was emphasised when the same Cabinet meeting acknowledged that the budget deficit for 1978 will fall fractionally short of FFr 30bn (£3.5bn) compared with the in practice purely notional FFr 8.9bn originally provided for. The Cabinet said that this deficit would not be financed by inflationary means, since the money supply would grow only in proportion to the gross domestic product.

The latest measures will only nibble at unemployment, which has reached more than 1.3m for the first time since the war, even though M. Robert Boulin, the Labour Minister, put a brave face on the figures by showing that the average length of time a person spent out of a job was declining and that the seasonally adjusted figures showed a small drop.

Five Bills dealing with employment are to be placed before the Parliament. They cover: the reduction in the maximum working week from 52 to 50 hours (mainly to benefit manual workers); the introduction of fixed working contracts covering, for example, a season or a completion of a certain engineering project; tighter rules for temporary employment agencies guaranteeing the payment of wages and social security for the people they hire; help for workers travelling to overseas appointments; and assistance for unemployed people wishing to set up their own companies.

In addition, there are measures to relieve small businesses of the social costs of taking on apprentices, as well as the recruitment into state employment of 5,000 people.

The measures, particularly those concerning apprentices, are geared towards helping young people find their first job. With many big companies still concentrating on thinning out their workforces in the interests of greater competitiveness, the Government is reconciled to facing severe unemployment figures throughout the winter in the hope that it can eventually claim credit for a fundamental improvement in the situation of French industry and hence a more sure promise of future employment.

In spite of the unemployment situation and the rash of small-scale strikes, the unions are still at odds about what action to take. The CGT failed to convince the other main unions, particularly the CFDT and the FO to take part in today's protest. The latter suspects that the CGT leadership is simply showing some militancy in advance of its congress and does not want to threaten discussions with the employers on re-organising the system of unemployment benefit.

These negotiations will continue after the CGT congress in early December, the crucial question still being the Government's willingness to step up its contributions to prevent the joint industry-union managed unemployment fund running out of cash.

Sweden to ban drink advertising

The Swedish Parliament yesterday decided to ban almost all advertising of liquor, wine and export beer as of July 1 next year, AP reports from Stockholm. Exempted from the ban are certain technical publications, such as the state-owned liquor monopoly's own periodical.

Advertising tobacco will still be allowed, but the companies must show "moderation," Parliament said, adding that tobacco advertisements must include declarations of contents and warnings about the hazards connected with smoking.

Finnish arms deal

The Finnish Government has been given approval by Parliament to buy military equipment worth Roubles 50m ($75m) from the Soviet nUion, Reuter reports from Helsinki. Details of the Soviet credit were not disclosed but it is believed to include surface-to-air (Sam) missiles and replacement aircraft for Finland's ageing Mig-21 fighter planes.

NATO chief in Turkey

NATO Secretary-General Joseph Luns arrived yesterday in Turkey for a five-day visit, Reuter reports from Ankara. He will see Turkish Premier Bulent Ecevit, the chief of staff and the Defence and Foreign Ministers.

Communist expelled

An Italian Communist Party official has been expelled from the party for giving evidence on behalf of one of 60 alleged Mafia bosses on trial in Reggio Calabria, Reuter reports. Sig. Carmelo Pratico told the court yesterday that Sig. Gioacchino Piromalli, suspected of being one of the Calabrian Mafia's most ruthless leaders, was an honest man.

Belgian election date

The Belgian Parliament was dissolved yesterday and general elections will take place on December 17, according to a royal decree, Reuter reports from Brussels. Prime Minister Paul Vanden Boeynants, who took over from Mr. Leo Tindemans on October 20 after a quarrel within the four-party coalition, forecast that the elections would not change the political balance very much.

IATA urged to resist U.S. attack

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENEVA, Nov. 15.

THE INTERNATIONAL Air Transport Association (IATA), the organisation of the world's airlines, will survive despite the attack launched against it by the U.S. Government, according to Mr. Roman Cruz, the president of Philippines Airlines.

Mr. Cruz, who was elected president of the IATA for 1979 at the annual meeting here today, told delegates from more than 80 airlines that they should not allow themselves to be unnerved by the efforts of one government to dismantle the association's fares co-ordinating machinery.

"This is only part of our association," he said, "and not even a vital organ, the reshaping or removal of which would be fatal."

"Indeed it is a compelling indication of the vitality of our association and of our industry that we can re-examine and revise, as we have, the objectives and structure of this machinery in order to reduce and liberalise whatever competitive restrictions exist within.

"This exercise has not been easy," he said. The association had gone through agonies in redesigning its structure to make it more responsive to the realities and pressures of the market place.

He said, "The IATA must now leave behind the needless anxieties, self-doubts and even self-flagellation to which it had recently subjected itself. It must re-affirm its own value to the industry and to the public it was pledged to serve.

"To speak of replacing the IATA with another organisation, while recognising the need for an industry-wide co-operative vehicle, ignored the vast capital already accumulated by, in and through IATA," said Mr. Cruz. "It is there and it would be a shameless waste to dissipate it and rebuild it all over again."

Reuter reports from Manila: Philippines Airlines (PAL) has ordered two A-300 European Airbuses for delivery in December next year. An airline spokesman said today. The order was subject to negotiations with Japanese banks to finance the deal. PAL intends to use the 280-seat airliners on its South-East Asian routes. The order is part of the airline's modernisation programme.

Strikes continue in Portugal

BY JIMMY BURNS

LISBON, Nov. 15.

PORTUGAL'S LATEST wave of industrial unrest continued today with strikes by over 60,000 railwaymen, postal workers, and miners.

Although the strikes were immediately condemned by the Confederation of Portuguese Industry (CIP) as politically motivated, the Communist-backed unions still appear to be holding back from an all-out offensive against the Government.

Portugal's 27,000 railway workers stopped work this morning in what was clearly a token gesture, outside "rush-hour" time. The country's 40,000 postal workers went on a 24-hour strike from midnight last night only after ensuring that essential services would not be affected. Union representatives also informed the press that they would not interrupt telex services.

The strikes, including stoppages by some of Portugal's 7,000 coal and tin miners, are a further sign of growing union anger with the rising cost of living. It looks as though inflation will stand at around 23 per cent by January while the wage ceiling is still pegged to 20 per cent.

Employers, meanwhile, are showing themselves increasingly unwilling to negotiate. They regard what is happening as a Communist-backed offensive at a time when Sr. Carlos Mota Pinto, the Prime Minister designate, is about to form a new administration.

The CIP communique said that the strikes had been organised by "those who fear true democracy . . ." and would lead to a worsening of the economic situation.

In spite of an unsettled labour background, however, Portugal is continuing to observe the guidelines set by the International Monetary Fund, with the exception of domestic credit expansion where the country has overshot the mark.

This was the main conclusion to be drawn from a rare television interview with Dr. Jose Silva Lopes, the Finance Minister and former governor of the Bank of Portugal late last night.

Sr. Silva Lopes said that although the budget deficit was "considerably greater" than originally forecast, he felt far more optimistic about the balance of payments, which had continued to improve in recent months.

The Minister also said that he expected Portuguese exports to have increased by 15 to 17 per cent by the end of this year (in dollar terms), and imports to have risen by 4-5 per cent.

Provisional figures from the Bank of Portugal show Portugal having a trade deficit of $543m in the third quarter of this year, compared with a defict of $731m in the same peirod of last year. Services in the third quarter of this year were up by $27m on the previous quarter, while imigrant remittances showed a surplus of $486m.

In the period April 1978 to March 1979 Portugal expects to reduce its external current account deficit from about $1.5bn to $1bn.

This year's third quarter current account deficit fell to below $300m, compared with $341m in the same period last year. This brings Portugal's current account deficit over the last nine months to about $1.2bn.

Ship ordered out

The Malaysian Government rejected international pressure and ordered the tiny coastal freighter Hai Hong and its 2,500 Vietnamese passengers out of its territorial waters, Reuter reports from Kuala Lumpur. The Home Ministry said it would repair the ship's disabled engine and provide food, medicine and water to enable the passengers to continue their voyage in search of a new home.

W. German chemicals spending

By Guy Hawtin

FRANKFURT, Nov. 15.

WEST GERMANY'S chemicals industry last year spent DM 2.6bn (£702m) on environmental protection measures, some 18 per cent, or DM 400m, more than in 1976.

In terms of new capital investment, environmental protection expenditure amounted DM 600m, 11 per cent of the industry's total capital investment. At the same time environmental protection added DM 2bn to the industry's operating costs.

The Frankfurt-based West German Chemical Industry Association pointed out that in capital investment terms there had been a small decline in spending on environmental protection: from DM 651m to DM 585m. The elimination of air pollution, in terms of capital investment, had cost DM 255m, compared with DM 257m the previous year, while water purification investment had dropped from DM 301m to DM 238m. Spending on waste disposal rose from DM 66m to DM 69m, and on warning equipment fell from DM 37m to DM 25m.

Boumedienne's surprise overture

BY DAVID WHITE

PARIS, Nov. 15.

THE TENTATIVE hopes of a detente between France and Algeria have been significantly strengthened by a surprise message from Col. Houari Boumedienne, the Algerian President, on his way home from a prolonged stay in the Soviet Union.

President Boumedienne's message to President Valery Giscard d'Estaing—sent from an aircraft while overflying France—proposed a fresh effort to improve France's relations with Algeria and the Maghreb region as a whole.

The Algerian leader was returning after six weeks spent in the Soviet Union amid rumours of a serious illness. The exceptionally warm terms of his message came as a surprise to the French Government, which earlier this year proposed the normalisation of relations between the two countries.

The most important change came in the summer with the overthrow of President Ould Daddah in Mauritania—whose condominium with Morocco in the former Spanish Sahara, has been backed by French military support—by a government seemingly more open to a compromise with Algerian-backed autonomists.

Mr. Mohammed Ould Salek, the new Mauritanian President, was a recent guest of M. Giscard d'Estaing in Paris.

President Boumedienne outlined in his message the prospect of a major French role in the region, provided that the "national rights of the Saharan people" were satisfied. On this basis, he said, Franco-Algerian co-operation could be rebuilt in a lasting manner. Algeria would also be ready to contribute to "a new page of history" in the western Mediterranean.

The French Government is unlikely to let President Boumedienne's latest initiative go unanswered. Several important trade deals—including construction of a car plant at Oran, which has been in the balance between the French company, Renault, and Fiat in Italy—have been held up because of the unfavourable political climate caused by the French air force's action in the Sahara conflict.

A visit to Paris in July by Mr. Abdelaziz Bouteflika, the Algerian Foreign Minister, raised expectations of an imminent improvement in relations, but these have so far borne few results.

Further uncertainty was caused by M. Boumedienne's apparent disappearance early last month and his reemergence in Moscow.

SALT warning for Soviet MPs

BY DAVID SATTER

MOSCOW, Nov. 15.

SENATOR Abraham Ribicoff, today warned Soviet leaders that the views of the U.S. Congress must be taken into account in the strategic arms limitation negotiations.

The senior Connecticut Senator, who is Jewish, is leading a delegation of 12 U.S. Senators who are visiting the Soviet Union this week at the invitation of the Supreme Soviet.

He indicated, in an apparent reference to U.S. legislation tying liberalised U.S.-Soviet trade to freer Jewish emigration, that existing problems in trade relations could be surmounted.

Speaking to the Supreme Soviet, Senator Ribicoff said it would be misleading to assume that because the President of the U.S. and the majority of Congress belonged to the same political party, there was agreement on foreign policy matters.

Although he personally was encouraged by the prospect of a new SALT agreement, Senators who voted on the SALT treaty must also have confidence in Soviet intentions in regional disputes.

Mr Ribicoff cautioned the Russians not to seek to benefit from instability in Africa and the Middle East and said that Soviet help in fostering progress achieved in the Camp David talks would serve the interests of the world.

He said he felt that the Soviet Union understood the importance the U.S. attached to emigration and human rights and that the U.S. understood that Moscow was prepared to talk about such matters quietly. Progress in "a quiet manner" had been achieved this year, he said, in an apparent reference to the number of Jews receiving permission to emigrate. The figure has been close to 2,500 a month this year, approaching the record levels reached in 1973.

President Leonid Brezhnev yesterday conferred the title of Heroes of the Soviet Union on the two cosmonauts, Commander Vladimir Kovalenok and Flight Engineer Alexander Ivanchenkov, who spent a record-breaking 139 days in space aboard the orbiting Salyut 6 space station. The cosmonauts went into space on June 16 and returned to earth on November 2 after conducting an extensive series of physical, medical, metallurgical, photographic and scientific experiments.

Meanwhile a Soviet hijacker has been shot dead while attempting to divert an airliner on a domestic flight between Krasnodar and Baku near the Soviet border with Turkey and Iran.

Tass, the Soviet news agency, identified the hijacker as E. M. Makhayev, and said he wanted to force the plane to fly across the border. The attempt was foiled by Ministry of Civil Aviation security guards and no passengers were hurt.

Makhayev's attempt, which took place a few days ago, was the second in the area near the Soviet Union's southern border in the past six months. On May 6, a man described by Tass as "armed criminal Skubenko" tried to hijack an aircraft on a flight between Ashkhabad, capital of the Turkmen republic, and Mineralnye Vody in the Caucasus. He was killed but no one else was hurt, Tass reported.

AMERICAN NEWS

Boeing wins orders for 50 wide-bodied aircraft

BY JOHN WYLES

NEW YORK, Nov. 15.

BOEING COMPANY was today celebrating the best influx of orders of any day in its history, after two U.S. airlines announced they would buy 50 of Boeing's new 767 aircraft, at a cost of $1.9bn.

The order, 30 from American Airlines and 20 from Delta Airlines, mean that Boeing's new 767 wide-bodied twin-engined design has an excellent future. United Airlines, the largest U.S. carrier, provided the first orders, for 30 aircraft in July, and today's contracts mean that substantial numbers of 767s should start moving off the Seattle production lines in 1982.

But there was a slight twinge of disappointment at Boeing, the world's largest commercial aircraft manufacturer, that American Airlines had not provided the first orders for the three-engined wide-bodied design, the 777. American had been studying the aircraft closely, and there had been speculation in the airline industry that it would buy several 777s.

Boeing is developing three new types of aircraft for the 1980s and beyond. They are designed to meet new U.S. noise requirements, and to provide greater fuel efficiency than the present generation. First orders for the narrow-bodied 757, the third member of the new family, came in September from Eastern Airlines and British Airways, which have made preliminary undertakings to buy a total of 40.

Apart from its size, the other notable feature of today's orders is that they will all be equipped with General Electric's new GECF6-80 engines. This gives GE an important edge over Pratt and Whitney, whose engines will be installed on the 767s ordered by United.

Delivery of the new aircraft to Delta and American will start in October 1982. Delta's aircraft will seat 195 passengers, and American's 200. Both airlines also have options on further orders: American for 20 and Delta for 22. Boeing is thus holding 80 firm orders for the design and 79 options.

U.S. airlines are expected to order around $65bn worth of new aircraft in the 1980s.

Prime rate of 11% spreads

BY STEWART FLEMING

NEW YORK, Nov. 15.

A PRIME RATE of 11 per cent began to spread through the U.S. banking system today with announcements that two large New York banks, Chemical and Marine Midland, are following the lead of First National Bank of Chicago which raised its prime rate from 10¾ per cent on Monday.

The announcement was accompanied by renewed signs of upward pressure on short-term interest rates in the money markets which could already be building the base for an 11¼ per cent prime rate before the end of the year.

Thus, in the commercial paper market, General Motors Acceptance Corporation raised the rate of interest it is prepared to pay for 30-89-day money from 10 per cent to 10.05 per cent. A week ago 30-day paper was yielding around 9¾ per cent.

Separately the fifth largest New York Bank, Morgan Guaranty, yesterday issued six-month certificates of deposit at 11¼ per cent.

The demand for funds of this maturity is generally attributed to two factors. One is the need to replace borrowings which are maturing and the other a desire to secure funds in anticipation of further rate increases. The net result, however, is that the overall cost of funds to commercial banks is increasing and putting pressure on their lending rates.

Blumenthal sets off for oil talks

BY DAVID BUCHAN

WASHINGTON, Nov. 15.

MR. MICHAEL BLUMENTHAL, the U.S. Treasury Secretary, sets off tomorrow for a week of talks with four key Middle East oil-producing states, in an attempt to get the Organisation of the Petroleum Exporting Countries (OPEC) to moderate any price increases. OPEC members are to meet in a month in Abu Dhabi to discuss world oil prices for 1979.

The message that he and Mr. Fred Bergsten, the Assistant Treasury Secretary, will take to Saudi Arabia, Abu Dhabi, Kuwait and Iran is that only a moderate increase—perhaps 5 per cent—would avoid an undue widening of the U.S. trade deficit and consequent damage to the dollar, and would allow the U.S.'s industrial partner countries to sustain their economic recovery. OPEC did not raise its prices this year, partly because the U.S. produced the same arguments 12 months ago, and some OPEC members are calling for a 15 per cent price rise in 1979, to catch up.

U.S. oil imports for the first 10 months of 1978 were 10.5 per cent below last year's level, the American Petroleum Institute reported today. But the Institute said the expected OPEC price rise next month was now causing a rise in imports for stockpiling, with imports in October up by 4.4 per cent from October 1977. Mr. Bergsten, in a speech earlier this week, forecast an increase in the last quarter of this year. He also predicted that a 5 per cent OPEC price rise would add $2bn to the projected U.S. trade deficit of $25bn in 1979.

The Treasury Secretary is also likely to point out OPEC's self-interest in a stable dollar which, since the Carter Administration's measures to support the dollar announced on November 1, has recovered substantially—an improvement of more than 4 per cent on the Morgan Guaranty Trust trade-weighted average of key currencies.

With the apparent collapse of the Iran oilfield strike, and the resumption of Iranian supplies at near their normal level, Administration officials hope that supply and demand for oil may lead OPEC to show moderation on prices. Mr. Blumenthal, who is to see President Carter later today, will also undoubtedly convey to the Shah some of the Administration's broader political concerns about developments in Iran.

PRESIDENT CARTER'S FEED GRAIN ACTION

Food price threat to U.S. anti-inflation policy

BY DAVID BUCHAN IN WASHINGTON

FOOD PRICES are at the mercy of many imponderables. Last weekend President Carter announced an increase in the Administration's price support for feed grain farmers that will raise their prices an average 2.5 per cent in each of the next two years.

This inevitably will work through into higher meat and poultry costs, and may largely negate the effect of Mr. Carter's simultaneous decision to veto a Congressional bill that would have set a ceiling on foreign beef imports in times of domestic scarcity and high prices.

The President took this action at a time when it is becoming increasingly clear that food prices, and the public's acute sensitivity to them, could be the crucial factors in scuppering his much-vaunted bid to bring down the U.S. inflation rate from over 8 per cent this year to 6-6.5 per cent in 1979.

Food prices have this year proved the cutting edge of inflation, exceeding the overall rise by about 2 per cent and by more in some food categories. The Agriculture Department yesterday estimated that the increase in retail food prices in 1979 would not be less than 6 per cent, and could be perhaps as much as 11 per cent.

Farmers, and indeed all sellers of raw materials, are exempt from the Carter Adminstration's new price guidelines. The Council on Wage and Price Stability, which has the task of monitoring these guidelines, says the reason is that farmers have no individual control over their market, and cannot therefore be expected to decelerate their price rises in the way that every other sector or company is being asked to.

The council says it will, however, keep close tabs on all the middlemen in the food chain between the farm and the supermarket — wholesalers, retailers, processors and distributors—to see that they conform to the price code. This may help. But the council's relatively small and over-stretched staff say their priority is to concentrate on the price behaviour of the major industrial companies.

"I'm a farmer myself," Mr. Carter told a Press conference last week, "and I never met a farmer who in a showdown wanted to do something deleterious or harmful to his own country just for selfish advantage." Wishful thinking for public consumption.

U.S. farmers, and Mr. Carter should know because his recent tax returns show his own Georgian farming operation to have been less than successful, have seen their income drop from a record $33bn in 1973, at the height of the export-led grain boom, to $20bn in 1977.

Though the President makes much of the fact this is likely to rise to $25bn this year, it was only a year ago that more vociferous and activist farmers were driving tractors around Washington to draw attention to their bid to launch a nation-wide "strike." Farmers are thus unlikely to shed many tears if the Administration fails to put a lid on food prices.

Conscious of the impossibility of placating eater and grower alike, Mr. Carter deliberately delayed his moves until after the November 7 election date. Even so, his own Democratic Party lost quite heavily in the Midwest farm belt, in any case.

What then emerged was a careful compromise. To the irritation of one section of the farming community, the cattlemen, Mr. Carter kept open his option to let in considerable quantities of foreign beef because his agricultural advisers warned him that domestic supplies might soon become too scarce again to satisfy strong consumer demand. But because of this year's record grain crop he increased the price support system for those feed grain farmers that participate in the so-called "set aside" programme.

Under this programme, farmers are rewarded for not producing, for keeping a portion of their land fallow and out of food production. This may seem a very cosy arrangement for American farmers. But it is also the traditional means by which they are prevented from financially strangling themselves and depressing prices with their own productivity.

This year, and President Carter has continued it for 1979 now, farmers have to set aside 10 per cent of their arable land, in order to qualify for Government deficiency payments — should market prices for the rest of their crop fall below certain Government-set target prices—and to qualify for the Government farm loan programme. If they also set aside a further 10 per cent of their crop land, they get a direct Government payment.

Farmers had wanted the programme extended in 1979. Mr. Carter rejected the advice of his anti-inflation counsellors that he should let more land go back into production, and continued the set aside programme at the same level for 1979. But, as a concession to the farm lobby, he has raised target prices next year.

Crucial to this decision was last week's news from the Agriculture Department that the 1978 harvest would be a record. The corn or maize crop, the biggest and most important for export, is now put at 6.89bn bushels this year, up from 6.37bn bushels last year.

Had not some 7m acres been set aside this year, Agriculture Department officials reckon the crop would have been half a billion bushels bigger—a level that would have sharply depressed prices.

The other factor President Carter cited as justification for continuing the set-aside programme at the same level was the high volume of world stocks in feed grains which even earlier this year were 82m tonnes, and of U.S. stocks which at the start of this crop-year amounted to 40m tonnes and by the end will be more.

Partially offsetting this is the current boom in grain exports, which, helped by the falling dollar have both stemmed the rise in the U.S. trade deficit and also relieved the pressure of agricultural cornucopia in the U.S. The Agriculture Department estimates that next year exports will total $29bn, up 6 per cent on this year which saw substantial sales of 14.8m tonnes to the Soviet Union and, for the first time for many years, the emergence of China as a buyer of U.S. grains. Mr. Bob Bergland, the Agriculture Secretary, has this month visited Peking to try to cement the latter relationship.

Austerity warnings by Carter aides

By Jurek Martin

WASHINGTON, Nov. 15.

SENIOR MEMBERS of the Carter Administration are engaged in an earnest public relations campaign to convince the public that the President means what he says about fiscal austerity in the months ahead.

Two senior White House aides, Mr. Hamilton Jordan, the political adviser, and Mr. Stuart Eizenstat, who is responsible for domestic affairs, both said yesterday that major spending on socially desirable projects would have to be delayed as part of the anti-inflation battle if the President's goal of reducing the budget deficit to under $30bn by the next fiscal year was to be met.

If the Administration adheres to its promise to NATO and increases defence outlays by 3 per cent next year, social services will have to be cut sharply. Cabinet departments have already been ordered to find about $15bn in savings on existing programmes, while it now seems clear that cherished proposals to reform the welfare system and introduce a national health insurance scheme will be delayed.

Mr. Jordan acknowledged that such actions would produce "screams of protest" from both special interests groups and from those with legitimate social concerns. "But," he said, "somebody's got to say no and the President's going to do it. You can't have it both ways. You can't please all these people and still fight inflation."

However, in spite of the clear unanimity of approach on the budget question, the Administration is still tending to speak with more than one voice on other aspects of its war on inflation.

This is most evident on the vexing question of whether or not scheduled steep increases in social security taxes, due to take effect in January, should be postponed or reduced. The arguments in favour of such action are obvious. It would help to hold down production costs and thereby final prices and would not excessively burden the general public with higher taxes at a time when disposable income is being pressed by inflation.

On the other hand, as Mr. Eizenstat argued yesterday, delaying social security increases would make it that much more difficult to reduce the budget deficit. Moreover, it is also argued, the tax cuts contained in the latest piece of congressional legislation do cushion the public to a degree from the impact of higher social security levies.

At his press conference last week, Mr. Carter said he had "no present plans" to seek to delay or reduce the scheduled increases. Two key Congressmen, Senators Russell Long of the Finance Committee, and Mr. Al Ullman, Chairman of Ways and Means in the House of Representatives, both side with the President on this, though for somewhat different reasons.

However, Mr. William Miller, the chairman of the Fed, has suggested that some move on social security might be appropriate. Equally, Mr. Alfred Kahn, the new anti-inflation adviser, has said on a number of occasions that if he had been involved in the planning of the anti-inflation package (which he was not) he, too, would probably have focussed more on the issue.

Mr. Eizenstat sought to find a middle ground by suggesting that, in spite of the President's statements, there was at least a slim chance of asking Congress to take atcion. One way of doing so would be to resurrect Mr. Carter's original proposals to restore financial health to the social security trust funds by dipping into general treasury revenues on a countercyclical basis. But this was anathema to Senator Long when first broached in 1977 and he is not thought to have changed his mind since, as Mr. Carter himself observed last week.

Uncertainty also surrounds another part of the President's anti-inflation package—the so-called real wage insurance plan —which is due to be presented to Congress early next year. This would pay a tax rebate to workers whose pay settlements were within the 7 per cent guidelines if the rate of inflation exceeded 7 per cent.

Administration sources have admitted there is much intra-departmental confusion and disagreement on how such a system would work, as well as on whether the potential risks and costs to the Government would be too high if the rate of inflation did not abate.

In an interview published this morning, Congressman Ullman, in whose committee the legislation would have to originate, was sharply critical of the practicalities of the idea and implied that it might not be workable.

Michael Blumenthal, the Treasury Secretary. He conferred today with Mr. Treasury Secretary and emerged to promise early hearings on the proposal. He did not say that his reservations had been allayed.

If it does get stuck in Congress, then the Administration will have lost a key inducement to the large labour unions to settle inside the voluntary guidelines.

● Industrial production in the U.S. rose by a solid 0.5 per cent last month, the same as in September. This rate of increase is consistent with the Administration's projections for economic expansion in the rest of the year, and points to continued strength in the economy.

U.S. COMPANY NEWS

Cargill bid for MBPXL; Carter Hawley Hale advances; Time completes mergers— Page 28

OVERSEAS NEWS

Rhodesia's leaders fly to Pretoria for Botha talks

BY TONY HAWKINS

SALISBURY, Nov. 15.

RHODESIA'S four-man Executive Council flew to Pretoria today for discussions with Mr. P. W. Botha, the South African Prime Minister. The meeting, described as a courtesy call, was the first between leaders of the Rhodesian transitional Government and Mr. Botha since he became Prime Minister in September.

It is thought here that the Rhodesian leaders wanted to talk to Mr. Botha about financial and military support after the handover to majority rule. The transitional Government is understood to be increasingly pessimistic about the chances of acceptance by the western powers of the results of elections here if they are held without the participation of the Patriotic Front led by Mr. Joshua Nkomo and Mr. Robert Mugabe.

The Executive Council of Mr. Ian Smith, Bishop Abel Muzorewa, Chief Jeremiah Chirau and the Rev. Ndabaningi Sithole is due back in Salisbury tonight in readiness for tomorrow's crucial joint meeting of the Executive and Ministerial Councils on the timing of one-man, one-vote elections and the hand over to black rule.

So far, there is no evidence that a compromise formula is being developed. Instead, Mr. Smith, Chief Chirau and Mr. Sithole appear to believe that postponement of the December 31 hand over date is inevitable. Bishop Muzorewa is insisting that the date must be met.

The Bishop has put forward a programme for accelerating the constitutional procedures to be fulfilled before the handover. He wants the whites' referendum on the new constitution to be held on December 1. Parliament would then be given less than a week to pass the necessary legislation. Elections would be held over three days on December 22 to 24 after a transitional government campaign of no more than a fortnight. Mr. Smith has said that such a programme "is simply not on."

Mr. Sithole said in Salisbury today that the Executive Council had no power to delay the elections but he stressed that there was no question of his party pulling out of the internal agreement if the December 31 handover date proved to be unattainable.

Mr. Smith, anxious to keep all options open for as long as possible, has called on Britain and the U.S. to explain why they are taking so long to convene the all-party conference on a "no preconditions basis" that was agreed in Washington last month.

New Iran foreign exchange controls

By Andrew Whitley

TEHRAN, Nov. 15.

IRAN TODAY imposed fresh controls on transfers abroad, as the country's volatile political crisis kept uncertainties over its economic future at a high level.

Only eight days after the Central Bank of Iran had bowed to the inevitable and announced annual foreign exchange quotas of $40,000, a new circular to commercial banks today limited personal travel allowances to 200,000 rials (under $3,000) a trip, and stopped CBI foreign exchange cover for private uses.

Meanwhile insurance experts are now assessing the losses incurred in Tehran 10 days ago when rampaging mobs took over the city centre for several hours and systematically burnt all the banks, cinemas, government offices and other buildings in their path.

One preliminary estimate of the damage puts it as high as $200m. Nearly 400 banks alone were either severely damaged or completely destroyed.

To add to the troublesome strikes that are keeping up the pressure for a political solution on the military government, over the past two days an increasing number of power generation workers have also started taking industrial action.

The Ministry of Energy announced last night that technicians at the major Reza Shah Khabir dam power station, in the south-west, had begun a go-slow. It said workers in several other power stations were supporting their colleagues. Already large areas of Tehran have suffered periodic blackouts.

Following yesterday's official statements that the oil industry strikes were effectively over, diplomatic sources say today's crude oil production actually dropped, by 100,000 barrels, from 3.3m to 3.2m barrels. Although many of the strikers have returned to their jobs, they appear to be doing little work.

Gaza issue crisis at peace talks

BY ROGER MATTHEWS

CAIRO, Nov. 15

EGYPT AND ISRAEL, both appear to agree with the United States that another critical stage on the road to a Middle East peace treaty has been reached but there is doubt about which of several stumbling blocks is the most important.

President Anwar Sadat of Egypt insisted in Ismailia today that the negotiations with Israel were at crisis point. That was why he had sent Vice-President Hosny Mubarak to Washington. Mr. Sadat said the negotiations might have to be interrupted and the delegations recalled. "But we'll all get together again and work for peace."

Having stated that 90 per cent of the road to peace had been travelled, the President added: "If Israel, after all this achievement . . . does not accept a solution to the Palestinian problem then they had better review their position."

Since the start of negotiations, Egypt has been striving to link the bilateral deal with the framework for a comprehensive Middle East settlement. Essentially this means a solution for the Palestinian people living on the occupied West Bank of the Jordan and the Gaza Strip.

Mr. Sadat now appears to be insisting that the Gaza Strip—administered by Egypt until it was captured by Israel in 1967—should return to Egyptian control. In the Camp David agreements the Gaza Strip and the West Bank were treated as one entity that would eventually form the basis for a Palestinian "homeland," although Israel has only agreed to discuss its future status after five years while maintaining a military presence in the territory.

It is not known whether Egypt is now asking for a commitment by Israel to military withdrawal from Gaza or whether it is merely seeking a precise timetable whereby the limited self-rule elements of the Camp David accords should be put into operation.

David Lennon reports from Tel Aviv: Israel is worried that Egypt may make tough new demands and decided today to suspend a Cabinet debate until it received clarification of the Egyptian position.

The Cabinet met for three hours this morning to hear reports from Mr. Menahem Begin, the Prime Minister, and Mr. Moshe Dayan, the Foreign Minister. But it was decided to postpone a follow-up meeting planned for tomorrow because of reports that the Egyptian Vice-President is carrying new demands about the Gaza Strip to Washington.

Opposition to the direction the peace talks are taking was voiced by a number of coalition members of the Knesset today. Five asked the Knesset Foreign Affairs and Defence Committee to forbid the Government to make any commitment about the West Bank and Gaza Strip in the framework of the negotiations with Egypt.

Fighting breaks out again in Beirut

BY IHSAN HIJAZI

BEIRUT, Nov. 15.

SIX PEOPLE have been killed and 18 wounded in the past 24 hours, in Beirut's worst fighting since the ceasefire five weeks ago.

The fighting was mainly in the city centre, already devastated by two years of civil war, and on the waterfront near the port. The capital last night and today resounded to the sound of explosions and machinegun fire, as Christian militiamen traded mortar shells and rocket-propelled grenades with Syrian troops of the Arab peace-keeping force and Moslem militiamen.

The fighting broke out as the Cabinet, under President Elias Sarkis, met to discuss what was officially described as an all-embracing security plan to consolidate the truce.

The plan which provides for security to be maintained by the Arab peace-keeping force and regrouped Lebanese Army units, also aims to control Palestinian guerrillas.

The Government and the nation disagree sharply about what role the army should play.

The Moslem Prime Minister, Dr. Selim Al-Hoss, backed by Moslem groups, insists on a complete military reorganisation, to ensure Moslem-Christian equality and eliminate what Moslems regard as Christian dominance over the Army. President Sarkis and Christian leaders oppose lessening the powers of the Christian army commander.

A controversy has also developed over the meetings last week between two Palestinian leaders and Lebanon's top Christian leaders, Mr. Camille Chamoun and Mr. Pierre Gemayel.

The Palestine Liberation Organisation (PLO) has said the two Palestinians, Dr. Walid Khalidy and Mr. Hassib Sabbagh, were not official representatives but the dialogue was intended to persuade the Christians to stop co-operating with Israel.

S. African scepticism

By Quentin Peel

JOHANNESBURG, Nov. 15.

THERE WAS a generally sceptical reaction today from South Africa's urban black community to the suggestion of a liberal shift in the South African Government following yesterday's reshuffle by Mr. P. W. Botha, the Prime Minister.

The appointment of Dr. Piet Koornhof, the most outspoken moderate in the Cabinet, as Minister of Plural Relations, responsible for all black affairs, was welcomed by traditional black leaders but greeted less enthusiastically by most urban leaders.

"We do hope that this indicates a change in emphasis," said Dr. Nthato Motlana, chairman of the Soweto Committee of ten. "We know it means no change in policy whatsoever. These people are all Nationalists."

Other urban reaction was more hostile, with one observer describing people as "unimpressed. It is only 'separate development' stooges who actually see him as God's gift to our problems," he commented.

Chief Gatsha Buthelezi, Chief Minister of the KwaZulu Homeland and leader of the Inkatha movement, the largest black political organisation legally operating in the country, said the appointment was of the utmost importance. Dr. Koornhof had attempted to be innovative as Minister of Sport, he said, and "we can only hope he will have the same approach to the black problems of South Africa."

Pakistan debt warning

BY CHRIS SHERWELL

ISLAMABAD, Nov. 15.

PAKISTAN HAS warned its Western creditors that it will default on its loan repayments if there is no rescheduling of its debt. The warning has come in a letter to member countries of the aid-to-Pakistan consortium of Western nations and Japan.

Though Pakistan wants an early meeting of the consortium to discuss the issue, the position of the Western countries is unchanged from the last consortium meeting in Paris in June. At that meeting it was agreed that Pakistan was not in danger of imminent default and that a meeting would be called if there was any reason to re-open the issue.

The letter, sent last month, is in effect a statement from the Pakistan Government that this is now the position. But it has surprised some Western diplomats here. As in June, foreign exchange remittances from Pakistan workers abroad was thought to be running at a high enough level to offset any increased deficit on the trade account, and foreign reserves could be substantial enough to pay for expected wheat imports next year and to cover debt repayments.

On the Government's own less optimistic figures the reserves would have to be run down to the point where they might only cover about two months' imports. Worries over this are exacerbated by fears that remittances might not continue at their recent high levels for very long.

MECCA

The problems of a pilgrimage

BY JAMIE BUCHAN IN JEDDAH

Last Friday at a tiny village east of Mecca, more than one and a half million Muslims sacrificed an animal to celebrate the culmination of their pilgrimage and the start of the Eid Al-Adha, the greatest feast of Islam. All over the Muslim world, believers who could afford it, repeated the sacrifice and shared vicariously in the pilgrim ritual which all Muslims are enjoined to perform at least once in their lives.

For 360 days in the year, the village of Mina, five miles east of Mecca, is deserted but for a handful of caretakers. But during the five days of the Hajj pilgrimage, the empty valley is transformed into a sea of tents, laid out by the Saudi Government on a grid pattern, with medical teams, National Guardsmen and even several hundred boy scouts assigned to each block to shepherd the pilgrims and to help the lost and sick.

Last year, 739,000 foreign Muslims performed the pilgrimage and 886,000 Saudis and non-Saudis joined them from within the Kingdom, and this year the figure was higher. By midnight on Saturday, when the deadline for pilgrim arrivals expired, 825,000 foreign Muslims had arrived, the majority by air.

For the past month, it has not been easy to sleep in Jeddah. At the height of the traffic, a plane was taking off or landing every minute and Jeddah airport was handling 600 aircraft a day. In fact, the Hajj is the major factor behind the dramatic expansion of Saudia, the National Airline. It is now the largest carrier of passengers in the Middle East.

With their seamless white cotton garments, their identical bedrolls and cooking implements, it is not easy to make out the nationalities of the Hajjis. But among the bewildered masses milling around the airport gates, courted by taxi drivers, screamed at by shiftless traffic policemen or herded 30 to a room in the vast and decayed Hajj terminal, more than 70 nationalities are represented.

Among them were some of the 3,000 pilgrims permitted for the first time from Israel in the thaw in relations generated by President Sadat's visit to Jerusalem last November. Among them also were expected to be the 45,000 Iranian pilgrims, an increase announced by the Shah as a concession to opposition Muslim opinion, and even somewhere the tiny Soviet delegation, whose composition is reported never to change.

But if the Hajj is a good indication of shifts in political colour, it is an even more accurate pointer to the state of Third World economies. In the 1930s, the world recession nearly beggared the Kingdom when pilgrim revenues dried up. More recently, the recession following the quadrupling of oil prices caused another decline from 919,000 foreign Hajjis in 1974 to 719,000 in 1976, and the decline would have been steeper but for the unrivalled opportunities for employment afforded Hajjis by the Kingdom's construction boom.

In the past, such a vast migration would not have been possible, but the surge in air travel during the 'sixties removed many of the dangers and much of the expense of the journey and the Saudi government believes that numbers will continue to rise. The tent city at Mina is planned to accommodate three million persons, under a master plan drawn up by the British consultants Robert Matthew Johnson and Marshall in the early 'seventies and The Hajj terminal the new $4bn airport being constructed to the north of Jeddah will have a floor area of 425,000 square metres—or about 53 football pitches. Even the shrine in Mecca is to be enlarged again, so that 28,000 pilgrims can perform the ritual circuit of the Kaaba at one time instead of the present 4,000.

For the Saudi officials charged with handling the pilgrims, the logistical problems are awesome. Most of the Hajjis are poor, many old and sick and many illiterate. They must all be provided with food, shelter and water, sanitary facilities and medical care during their sojourn in the Holy Places, and many must also be instructed in rituals that they find bewildering. For the vast majority also, the Hajj is the culmination of a lifetime of planning and saving, and an atmosphere of recklessness, even of resignation, prevails. Towards the end of the pilgrimage, this gives way to a feeling of elation which briefly animates the dour towns of Saudi Arabia before subsiding.

Mecca was a centre of pilgrimage long before Islam, but it was the Prophet Muhammed who is said to have given the Hajj its present form as a series of rites commemorating the story of Abraham, considered the founder of Monotheism.

Traditionally, the arrangements for the pilgrims have been managed by the venerable institution of the Mutawwifs, or Cicerones, to whom all pilgrims are allotted according to nationality. The Mutawwif arranges transport, lodging, food and water, helps with points of ritual and tries to ensure none of their charges get lost. They are grouped into about 80 firms of varying reputation and even a single, small operator can hope to earn about SR20,000 from the six days of the Hajj.

But with the size of the modern pilgrimage, the government has been obliged to take an increasing part, from ensuring that merchants can provide the 165 million eggs the Hajjis are expected to consume to disposing of the million or so sacrificial carcasses. A feasibility study has been announced for their charitable distribution, but for the moment, for lack of cold storage, they are burned.

But even such difficulties pale before the problem of ensuring a smooth flow of pedestrian and motor traffic. Last year, there were 111,000 motor vehicles ferrying pilgrims the 12 miles from Mecca to the plain of Arafat on the third day of the pilgrimage, and the government has been obliged to construct a series of overpasses, including one a mile long. It is in the process of building the three-mile King Faisal Bridge which will span the whole Mina encampment. A central "operations room" in Mina controls traffic lights in the area and attempts to isolate accidents. At the morning ceremony of the stoning of the pillars, where each Hajji casts pebbles at a masonry pillar representing the devil that tempted Abraham from sacrificing his son, a one-way system rigorously enforces a network of pedestrian flyovers.

The health of the pilgrims is a consistent headache. Most of the larger Muslim countries bring their own medical teams, although the government provides 1,700 beds in temporary clinics at the pilgrimage sites.

The Saudi government long ago waived any right to a share in the pilgrim dues — once the mainstay of the Saudi economy —instead, Saudi Arabia is believed to spend about $75 million and a good proportion of its civil service time preparing for each pilgrimage. It seems to be largely a labour of love, although the Saudi government is certainly aware that its stewardship of the Holy Places is the moral component in the large political authority it now wields in the Arab and Muslim worlds.

WORLD TRADE NEWS

UK-Japan deficit grows as exports disappoint

BY RICHARD C. HANSON

TOKYO, Nov. 15.

BRITAIN'S STERLING-BASED trade deficit with Japan has widened over the 1977 figure with this year's exports from the UK apparently doing more poorly than expected.

Originally it was hoped exports this year would rise to about £600m. But the British Ambassador in Tokyo, Sir Michael Wilford, said it now looked as though exports for the year would be up only 20 per cent to £565m compared with a rise of 31 per cent in 1977 over the previous year. In the first nine months this year the export gain had been only 16 per cent he said.

British officials said today at the opening of a private business trade promotion centre in Tokyo's World Import Mart that the deficit this year would be nearly twice the export total, or about twice the £500m-deficit Britain had with Japan last year. (The sharp decline of the pound against the yen accentuates the deficit in Sterling terms.)

British officials and businessmen cut the ribbon on the trade centre, which is being subsidised by the Japanese Government through free use of the 500-square-metre display area. The centre will operate for six months, after which a decision will be made whether to continue it or not.

More than 20 companies representing more than 75 British manufacturers are paying their own overseas costs, estimated at about £135,000 for the first six months. The centre will sell products retail and act as a focus for importers interested in British products. It has been dubbed the "window on Britain."

Officials at the opening ceremony cautioned that they do not expect this centre to do much to solve the trade imbalance problem, but did praise the Japanese for making facilities available. The World Import Mart was opened in October.

- Kawasaki Heavy Industries Limited, said it was negotiating exports of seven large helicopters to Saudi Arabia for rescue and fire-fighting purposes, presently being manufactured under licence from Boeing.

The company said it planned to send its representatives to Saudi Arabia soon to finalise pricing negotiations on the sale of seven KV-107-2A helicopters in the hope that the deal could be concluded by March next year.

In August last year, Kawasaki arranged a $98m deal to sell six helicopters of the same size for delivery by 1980. The helicopters are being manufactured in Japan. Reuter

Wang Chen, the Chinese Vice-Premier, is greeted by Sir Christopher Hartley, the chairman of the British Hovercraft Corporation, aboard BHC's latest twin propeller 16 ton SRN6 M6 hovercraft.

Earlier, Vice-Premier Wang and Dr. David Owen, the Foreign Secretary, signed an agreement on scientific and technological co-operation, first proposed by Mrs. Shirley Williams, Education Secretary, on her visit to Peking last August. The agreement provides a framework for exchanges in the scientific and technical field and should improve co-operation between the two Governments and Chinese and British academic organisations.

UK accuses Belgians of chipboard dumping

By Ray Perman, Scottish Correspondent

THE EUROPEAN Commission is taking seriously an allegation of dumping made by Britain against the Belgian chipboard industry and has asked both governments to provide extra information.

The case is unusual in that the underlying assumption of the Treaty of Rome is that dumping is impossible within a common market and there is therefore no existing Community legislation to cover it.

But the UK Government and chipboard industry have said that Belgian exports into Britain constitute a special case, since there is no possibility of a reverse trade. The Belgian industry can meet all its home demand and has a considerable surplus for export, whereas in Britain the domestic industry does not have the capacity to meet home demand.

The industry in Britain has been fighting a drawn out battle against foreign imports and has had some success in persuading countries outside the EEC to voluntarily control prices of their exports to Britain.

Nevertheless, imports are rising at the expense of home produced board and a number of companies are now in serious difficulties. Mr. Bob Watson, deputy chairman of the British Wood Chipboard Manufacturers' Association, said yesterday that imports had grown by 39 per cent so far this year. Since the total market had only expanded by 25 per cent British manufacturers had been forced to cut back on production.

Mr. Watson's own company, Scotboard, paid off 70 workers in September and is now receiving a temporary employment subsidy from the Government in respect of the remaining 120.

The British industry's case against Belgium is that Belgian chipboard is being sold in the UK at between 35 and 40 per cent less than the true cost of manufacture and, taking account of transport costs, at a lower price than it is sold in the Belgian home market and in export markets on the continent of Europe such as West Germany, Holland and France.

Mr. Watson said that the Belgian industry was able to do this since it could make a profit on the 85 per cent of its production sold in these markets and so afford to sell the surplus at below cost in Britain.

Iran gives priority to gas pipeline

BY ANTHONY McDERMOTT

TEHRAN, Nov. 15.

THE SECOND Iranian gas trunkline, IGAT-2, the country's top priority project was today given official endorsement by Mr. Tagy Mossadeghi, chairman and managing director of the National Iranian Gas Company (NIOC).

He told WILMEG (Williams and Williams Bros. International and IMEG) which is in charge of procurement, inspection and the management of the project that if all other projects were stopped, IGAT-2 would continue.

The Government is in the middle of an extensive review of all projects, made the more urgent by Iran's political and economic problems. IGAT-2 has top priority because it is both a foreign currency earner and will also provide fuel for domestic industries.

There had been reports that progress on the gasline might have been held up by current difficulties and as a result fail to meet the deadline of January 1, 1981, for the first contracted delivery of gas to the Soviet Union.

But WILMEG, which has been reviewing the project in the past fortnight, is reported to have told NIGC that although there might be delays on intermediate stages of construction, completion would still be on time. Construction began in March this year.

The 1,400 kilometre project is being built in three stages. Saipem, a subsidiary of the Italian state-owned company ENI, is responsible for the gasline from gasfields in the south near Isfahan; a consortium of French, Iranian and Polish companies led by Spie-CAPAG of France for the stretch of gasline to Qom; and finally Naftochimpromexport (NCPE) of the Soviet Union for the final stretch to Astara on the border. This third part is believed to be between two and three months behind schedule.

Part of the WILMEG reivew covered costs. Preliminary estimates had put these at $3bn (of which $1.75bn was for the gasoline alone, the rest is for the gas gathering and treatment plants).

Further, preliminary calculations put the cost of the gasline portion at $1.786bn but WILMEG is confident that this increase will not be needed as construction is going ahead well within budget, and this revised figure also includes the sum of $88m for emergency contingencies.

WILMEG is confident too that they have sufficient cash in hand to cover the inflationary effects on the 1.25bn rial proportion of costs.

IGAT-2 is to transmit natural gas from a treatment plant at Kangan on the Gulf to Astara on the Soviet border. It will supplement IGAT-1 whose capacity is 5.07bn cubic metres a year for domestic use and 10bn cubic metres a year for export.

IGAT-2's capacity will be 10.83bn cubic metres a year and 17bn cubic metres a year respectively. An agreement was signed in November, 1975, for the delivery of 13.4bn cubic metres a year between NIGC and V/O Soiuzgasexport (Soviet Union), Ruhrgas (West Germany), Gas de France, and OMV AG (Austria).

A second agreement was signed with Metalimex (Czechoslovakia) for 3.6bn cubic metres a year. The total consumption will be as follows: 13 per cent of the throughput of the first agreement will be used by the Soviet Union as compressor fuel, and the rest for its trans-Caucasian industries.

Shipyards agree 35% cutback

TOKYO, Nov 15.

SEVEN LEADING Japanese shipyards have agreed to cut back their operations during fiscal 1979 starting next April to 35 per cent of the 1974 peak period, in line with a plan announced by the Transport Ministry, according to Mr. Hisato Shinto, president of the Japan Shipbuilders' Association.

Yesterday the Ministry announced a stabilisation plan designed to restructure the shipbuilding industry by scrapping surplus production facilities and calling for a 35 per cent cut in Japan's shipbuilding capacity.

Mr. Shinto said the cutback in operation has also become necessary to put a stop to unruly competition among Japanese yards which sometimes leads to dumping prices.

Meanwhile the Shipbuilders Association announced that Japanese shipyards received export orders totalling 407,400 gross tons in October, an 81 per cent increase over the same month last year.

The figures represent the first glimmer of hope that Japanese shipbuilding might be emerging from the worldwide slump in the industry.

In the previous six months, Japanese yards won export orders totalling 761,000 gross tons compared with 2.45m tons in the corresponding period last year. Reuter

Pakistan ship orders

KARACHI, Nov. 15

PAKISTAN IS likely to acquire more than the 21 ships it has planned to purchase under its five-year plan when current negotiations with Japan, South Korea, Britain, Poland, Denmark and West Germany are concluded. The 21 ships are expected to cost about £200m.

This was disclosed today by Mr. Mustafa Gokal, Pakistan's Federal Minister for Ports and Shipping, on his return from London. Mr. Gokal said an agreement had already been signed with Japan, under which Pakistan will get a credit of Y18bn repayable in 30 years for seven ships, six to be built in Japan and one in Pakistan.

He added that Denmark is expected to grant a special loan of $25m for shipbuilding and a two-member Danish team is already in Karachi to conclude the transaction.

A high-level Polish delegation is due to arrive from Warsaw Thursday and Pakistan expects to get four to eight ships from Poland on a credit basis, the Minister said.

He added that he has invited a British delegation to visit Pakistan to discuss matters relating to shipbuilding. The Minister said his country expects to get five vessels from Britain. AP-DJ

Exports of toys

BRITISH TOY exports were expected to exceed £100m this year, outstripping last year's record sales abroad of £92m, the British Toys and Hobby Manufacturers' Association said yesterday.

The main customers for British toys are the U.S., France and West Germany, according to preliminary figures published by the association for the period January-August.

Aust. uranium sought by UK

By Lisa Wood

AUSTRALIAN URANIUM mining companies may supply up to 25 per cent of Britain's uranium if talks, to be held next year, are successful, it was disclosed this week.

Mr. John Jukes, a board member of the British Central Electricity Generating Board (CEGB) told a Press conference in Sydney, Australia, that it was hoped to start talks with Australian uranium mining companies next year to ensure future supplies of nuclear fuel.

He said that if things went according to plan Australia would be supplying about 1,000 tonnes of uranium a year to Britain within 10 years.

Britain was particularly interested in Australia as a supplier, he said, because it had about one quarter of the world's uranium.

UAL interest in hotels

LOS ANGELES, Nov. 14.

UAL has told Chinese officials that it is interested in participating in 2 major hotel construction projects in Shanghai and Peking.

Mr. Edward Carlson, UAL chairman, said the company's involvement would be through its Western International hotel subsidiary and depend on developing a "mutuality of interests" with the Chinese. He added that the project consists of building 1,200 rooms in Shanghai and 1,000 rooms in Peking.

Meanwhile, China has reached its first "compensation" agreements with U.S. manufacturers. Under the agreements, the U.S. companies will supply a special kind of garment-finishing equipment for installation in Dairen and Shanghai which will be paid for by the Chinese over a period of time with the output produced by the plant.

The contracts signed at the current Canton trade fair are the first by U.S. companies—Hong Kong-based companies were the first to agree such deals with China.

The two U.S. companies involved are Prestige Sportswear and Oxford Industry.

- Ishikawajima-Harima Heavy Industries has received orders totalling Y3bn from China for 76 construction machines to help build a steel plant at Paoshan, near Shanghai.

The orders, including 20 large cranes and 54 pile drivers, were placed by the China National Machinery Trading Corporation for shipment by early next year.

The yen-denominated contract will be paid cash on delivery. Agencies

Pakistan-Gulf Oil pact

BY CHRIS SHERWELL

ISLAMABAD, Nov. 15.

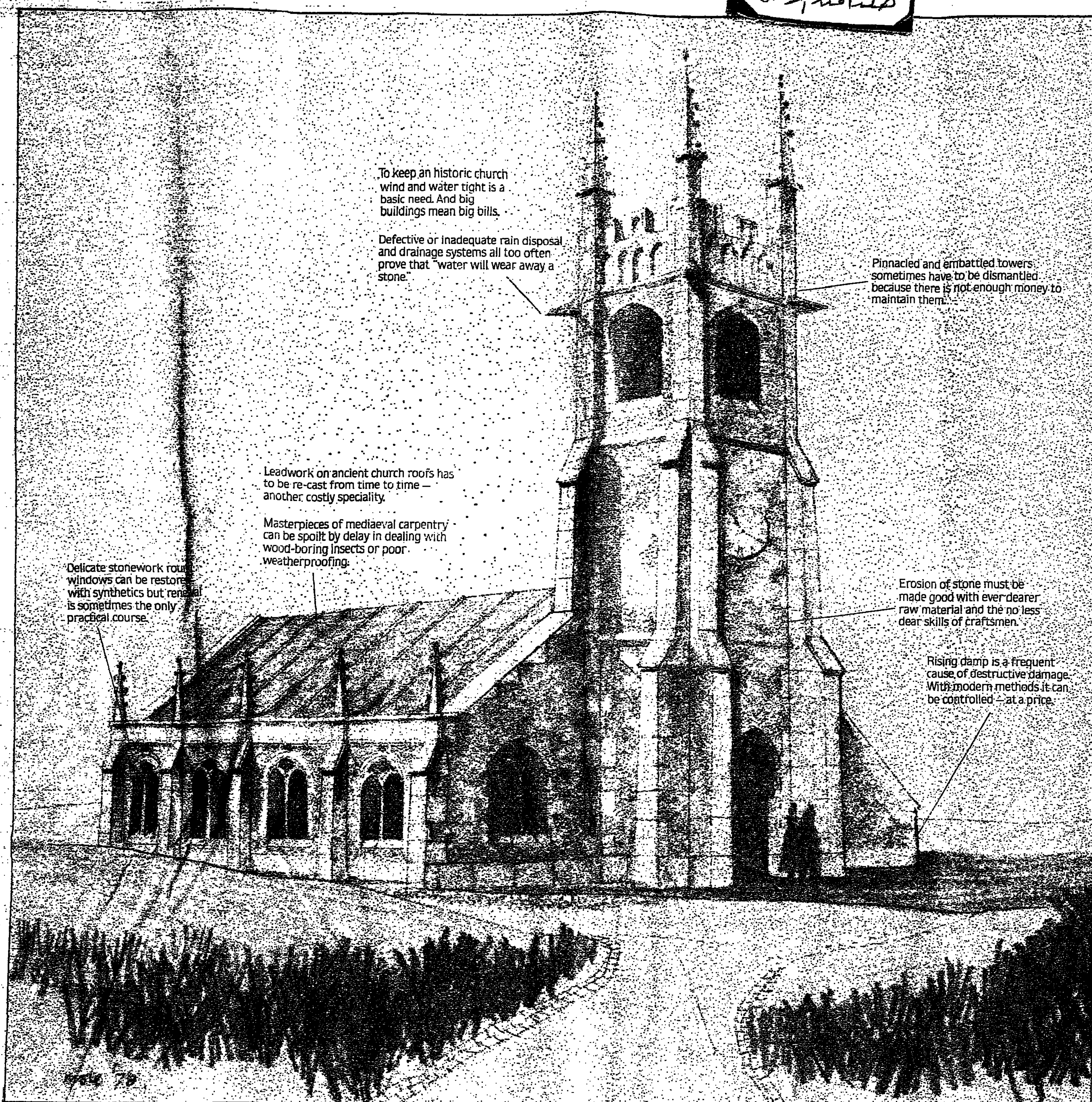
THE PAKISTAN Government, through its Oil and Gas Development Corporation (OGDC), yesterday signed a joint venture agreement with the American oil company, Gulf Oil, for the exploration and production of petroleum in the country.

The agreement is part of a stepped-up government effort in recent years to accelerate development of Pakistan's oil resources. Very few wells have been drilled since oil was first commercially extracted in 1915, and as a result the country's still-unknown resources have remained relatively untapped.

Under the new agreement, which has taken about two years to negotiate, Gulf will pay 85 per cent of the exploration costs, including the foreign exchange component. But upon commercial discovery of petroleum the OGDC interest will increase to 50 per cent without reimbursement to Gulf of a proportionate share of its pre-discovery expenditure.

The agreement will last for eight years and allow exploration over a 9,400-sq-mile area. One well will be drilled within the first year, and another five over the next four years. After additional seismic work three more wells might be drilled.

Gulf representatives say the company's activity in the country will be confined to exploration and production, and that there are no plans to try to move into refining. A new subsidiary is being formed, to be known as Gulf Oil Pakistan.



Get us to the church on time.

On time, we mean, to save an irreplaceable part of the English scene.

And you don't have to be a churchgoer or a student of architecture or even a convinced conservationist to support an ideal so dear to the civilized heart.

Nobody wants a thousand years of culture and craftsmanship to go the way of the elms.

But the thought of all those centuries can blunt the sense of urgency.

Believe us, no cause ever depended more on prompt action. Churches that appear structurally sound are all too often at the point where delay will take them beyond hope or justification of repair.

You can learn to read the signs.

Far more practically, you can help to ensure that the Historic Churches Preservation Trust has money in hand to follow up the experts' warnings before it costs as much to save one church as might have saved many.

For the Trust, in fact, preservation goes hand in hand with prevention.

We have been getting to places on time with financial aid—from industry and commerce, voluntary bodies, individual benefactors—for 25 years.

So far our grants have helped to keep 3,500 churches off the danger list.

And that is just a beginning.

Our task is no less than to preserve a branch of social and cultural history stretching from Saxon to Victorian times.

Government now recognizes the need to protect this unique heritage.

That is why the Trust enjoys the rare privilege of receiving legacies and gifts of any amount free of capital transfer tax.

What is more, our campaign has paved the way to state aid for historic churches of the highest merit.

But state aid may never reach a majority of churches that have graced our towns and villages since the Middle Ages.

Your timely support is vital for them to survive for the delight of future generations—perhaps your own grandchildren and their grandchildren.

What more rewarding legacy?

Only get us there on time.

Start today by posting this coupon for details of how to help by donation, covenant or bequest.

Historic Churches Preservation Trust

Fulham Palace, London, SW6 6EA.

I enclose a donation for £....................

I would like more information.

Name ____________________

Company ____________________

Address ____________________

____

Historic Churches Preservation Trust acknowledges assistance from Midland Bank Limited in making this advertisement space available.

Acknowledgments also to THM Design Consultants Limited and Philip Walton.

HOME NEWS

Agreement reached on revised double tax pact with U.S.

BY MICHAEL LAFFERTY

AGREEMENT HAS now been reached at official level on a revised double tax treaty between the UK and the U.S., Mr. Joel Barnett, Chief Secretary to the Treasury, told the Commons last night.

But it is almost certain that new pact will not ban the controversial unitary tax regime of States such as California and Alaska, which taxes multinational companies on a proportion of their world-wide income.

The original treaty covered this point but after extensive lobbying, the U.S. Senate deleted the relevant clause before approving the rest of the treaty last June.

It has been clear for some time that the UK Goverment has been resigned to the loss of the unitary tax clause but was not prepared to jettison the whole treaty, which it feels contains several other advantageous provisions, because of it.

It is not yet known what concessions the UK has been able to extract in return for the loss of the unitary tax clause. Indeed, the details may not become clear until the protocol containing "the amendments" is published, probably next month.

Mr. Barnett said in a written answer that this time the U.S. Senate "will be invited to approve the amending protocol in the first instance and it will then be put to the House for consideration under the affirmative resolution procedure as a schedule to a draft Order in Council."

Move to strengthen Price Commission

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE GOVERNMENT intends to press ahead with its plans to strengthen the Price Commission through amending the safeguard regulations in spite of the decision by the TUC General Council not to accept the joint statement on pay, prices, and inflation.

The move reflects the long-held concern among many Government Ministers, especially Mr. Roy Hattersley, Prices Secretary, that the safeguard regulations have hampered the Commission's activities during the 15 months it has been in operation.

It is now felt that the regulations—aimed at ensuring that no company's profit margins are affected by the three-month freeze during a Price Commission investigation—have been too inflexible.

They have allowed most companies whose price rises have been investigated by the Commission to achieve virtually the full rise before the Commission's investigation had been completed. Of the 25 companies notifying price rises to the Commission in its first full year of operation, ending July 31, all but five received an interim price rise.

During the lengthy negotiations with the TUC over the proposed statement the Government apparently offered to give the Commission more discretion in dealing with applications for interim rises under the Safeguard Regulations.

In spite of the Government's willingness to press ahead with such a move as well as its obvious value as a bargaining counter in any more talks with the TUC—any changes are still likely to take some time to implement.

Under the 1977 Price Commission Act, changes to the safeguard regulations require Mr. Hattersley to consult with the Price Commission and with representatives of consumers, employees, and employers, as well as other interested parties.

It seems likely that the Government will publish a short discussion document outlining its proposed amendments to the regulations.

The crucial question is whether even relatively minor amendments, which still have to be presented to Parliament, will win approval. The attitude of the CBI to the proposed changes is crucial, since it was its lobbying that ensured that the safeguard regulations were included in the Price Commission Act. Government Ministers hope that, in spite of the strong public opposition by the CBI to any weakening of the Safeguards, the experience of the first 15 months has shown the CBI that the Commission is not weighted against its interests.

Mr. Charles Williams, Commission chairman, has shown he is in favour of allowing the Commission more discretion when considering applications under the safeguard regulations. He said recently: "As the regulations stand, any firm that is making a loss is effectively entitled to any price moves it thinks fit until it comes back into profit."

UK still backs Portugal's entry to EEC

By David Marsh

MR. JAMES CALLAGHAN assured President Antonio Ramalho Eanes of Portugal during talks at 10 Downing Street yesterday that Britain would continue to support Portugal's application to join the EEC.

Mr. Callaghan and Sr. Eanes, on the second day of his State visit, also discussed general Anglo-Portuguese relations and the situation in Southern Africa.

Later, in a speech at a banquet in Guildhall, Sr Eanes said that Portugal's entry into the EEC would contribute to the modernisation of its economy and "profoundly affect" the stability of Portuguese democracy.

Pledging Portugal's determination to consolidate a democratic regime, he said that the country's economic position was still very difficult, but the Portuguese were willing to bear the burden of austerity policies necessary for structural changes.

Portugal could offer Europe "co-operation with a vast potential." Sr Eanes said, adding that the country's stabilisation programme would provide the basic conditions for the economic progress it sought.

Dr. David Owen, the Foreign Secretary, and Sr. Carlos Correa Gago, the Portuguese Foreign Minister, also took part in the Downing Street talks.

Afterwards, they signed the UK-Portuguese Social Security Convention, which among other things will raise pensions paid to the 600 British retirement pensioners living in Portugal to the levels paid in Britain.

Earlier, Sr. Eanes had talks with TUC and CBI leaders at Buckingham Palace. Today he sees Mrs. Margaret Thatcher, visits Bracknell New Town and has lunch at the Royal Military Academy of Sandhurst.

British Rail plans bus-for-train cuts in rural areas

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

BRITISH RAIL has revived the idea of closing substantial sections of its loss-making rural services and replacing them with buses.

Talks have taken place on the subject with the National Bus Company and with the Central Transport Consultative Committee, but the Government, apparently, has not been told.

Rail closures are regarded as political dynamite in the present parliamentary climate, particularly as most of the closures proposed are in Scotland and Wales.

British Rail has toyed with the idea of more closures for the last four years, but the emergence of a list comes as a surprise in view of a recent, confidential study carried out by the Railways Board.

The study, carried out in conjunction with National Bus, looked at the possible substitution of buses in three areas: Lincolnshire, North Berwick-Edinburgh and Oban-Glasgow. It concluded that savings from the change would be minimal.

The latest list comes in another confidential paper, signed by Mr. Peter Keen, British Rail's chief passenger manager.

This speaks of a the need to re-classify some services such as Manchester - Sheffield - Hull, as secondry nIter-City services and to spend money on renewing stock.

However, other services are regarded as suitable for closure. These include the Central Wales Line, Kyle of Lochalsh-Inverness, Cardiff-Crewe, 10 services in the lowlands of Scotland and in "fringe" Wales, and 10 commuter routes round Edinburgh and Cardiff.

Another route with a question mark over its future is Plymouth-Gunnislake.

The paper concedes that subjective judgments are involved in selecting lines for closure, but it says the rail board "cannot afford in the future period to mortgage scarce funds to retain all the services running today.

"To do so would be to prejudice investment in expanding market sectors to the detriment of large numbers of existing and potential travellers."

British Rail's biggest problem is to find capital to finance reinvestment in less heavily-used services. Mr. Frank Higgins, chairman of the Central Transport Consultative Committee, said yesterday that the Government should urgently find an extra £25m to £30m to replace the 20-year-old diesel multiple units used on most of these lines.

One possibility being examined by British Rail is the replacement of these units with a hybrid bus-rail vehicle using a Leyland National body on a railway chassis. A prototype is being tested.

Chemists 'will act for more money

BRITAIN'S chemists are disappointed that the Government is not taking stronger action over the long-standing claim for more money.

The Pharmaceutical Services Negotiating Committee, representing 9 500 dispensing chemists, said yesterday that Mr. David Ennals, Health and Social Services Secretary, had offered to refer the chemists' three-year claim for higher payment for dispensing prescriptions to an independent panel on Tuesday.

This means that the Government is only "morally" committed to implement the panel's recommendations rather than being bound by an arbitration, as the committee had hoped.

Yesterday the committee told the Government that unless more money was forthcoming it would recommend industrial action.

Chemists receive only 6p on a prescription worth £2, a profit of only about £1,600 on Health Service dispensing a year if 34,000 prescriptions are made up.

This is a 2.9 per cent profit on turnover compared with an average 6 per cent the committee claims is made by other retailers.

The return on capital invested is about 16 per cent, still below the increasing cost of drugs. Last year prices increased by 18 per cent.

The panel, consisting of one Government representative, an accountant and an eminent retailer, agreed jointly by Mr. Ennals and the committee, will begin work in January and announce its decision in April.

Emergency rule defended by Ghandi

By Simon Henderson

MRS. INDIRA GANDHI, the former Indian Prime Minister, defended her imposition of emergency rule yesterday, saying that it was necessary to save democracy and that demonstrations against her week's visit to England were typical of what some people thought of democracy.

She said in London that democracy did not mean the same in every country, even Western countries, and did not mean the same in every period of history.

It was up to the people themselves to define it and the system would be tolerated if it satisfied their needs.

The Press criticism of her visit did not bother her very much. The present Janata government was running a probig business economy, its measures favouring the few.

If she was returned to power she would probably not reintroduce constitutional amendments and would not impose Press censorship, but there had to be a code of conduct.

There was no Press censorship formally today, but India's Press was being threatened by sackings and withdrawal of government advertisements, she said.

Pressed on why 30 Indian MPs had been imprisoned during her emergency, Mrs. Gandhi—who won a by-election last week returning her to parliament for the first time since her party was defeated nearly two years ago—would say only that the overall position was to control the situation at the time.

Her son, Sanjay, who like his mother still faces legal action for alleged abuse of power, had very little interest in politics.

His position as the head of Youth Congress was to bring about action on social non-political programmes. On sterilisation, which was one of these programmes, she had never been in favour of compulsion, she said.

New Job Ownership group has loans promise from bank

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE INDUSTRIAL and Commercial Finance Organisation and the Co-operative Bank have promised to consider lending money to workers' co-operatives formed with the help of a new organisation named Job Ownership.

The organisation, launched yesterday, has been founded by a group which includes Mr. Jo Grimond, the former Liberal Party leader, and Mr. Martin Jay, a manager with GEC who is the younger brother of Mr. Peter Jay, British Ambassador to Washington.

Its aim is to advise on the creation of co-operatives. It will also provide a permanent package of managerial and financial advice to worker-owned enterprises and may eventually become the central organisation in a group of co-operatives.

The Industrial and Commercial Finance Corporation has already lent money to two co-operatives. Yesterday Mr. Ian Brierley, economics and planning manager, said that the corporation was in the business of financing small firms and had no ideological objections to lending to co-operatives which could prove to be one way of making industry operate more effectively. Fixed interest loans plus a measure of participating interest would normally be involved.

The Co-operative Bank said earlier this year that it was prepared to help fund workers' co-operatives, and is considering various requests for loans.

Job Ownership has been inspired by the example of the Mondragon group of co-operatives, in the Basque area of Spain, which are funded by workers and the Government.

The director of Job Ownership, Mr. Robert Oakeshott, a former journalist, was a member of a study group of the Mondragon co-operatives last year. He made it clear yesterday that the enterprises helped by his organisation would have to have substantial financial input from the workers involved.

The organisation, which will liaise with the Government's new Co-operative Development Agency, is initially being funded with a £46,000 two-year grant from the Joseph Rowntree Social Services Trust. It will charge for its services. It expects that its co-operatives will emerge from people wanting to found new enterprises, family businesses wanting to transfer ownership to employees, and large companies wanting to spin off subsidiaries.

Mr. Jo Grimond, chairman of Job Ownership, said yesterday: "There has been too much emphasis in this country on State socialism, so people should welcome this attempt at Guild socialism or co-operation."

Services' strength 3% down

By Lynton McLain

THE 13 per cent interim pay award to British Servicemen in April has failed to stop the flow of officers and other ranks leaving the Armed Forces for civilian life.

Strength of the Services in September was almost 3 per cent down on a year earlier, with 319,699 men and women on the Army, Navy, Marines and RAF payrolls.

Since the April pay award, a further 24,436 officers and other ranks have left the Forces, compared with an intake of 23,823, although the three months to September showed a 15 per cent rise in the official intake, representing 12,418 men and women.

The award left Servicemen and women with salaries 19 per cent lower than those in 600 selected civilian jobs, but comparability between civilian jobs and the services should be reached by April 1980.

Next April's award will provide at least 91 per cent and a percentage to take account of any further rise in the difference in pay with civilian jobs.

Factors other than pay are also understood to have damaged morale. The growing personal disturbance involved with Service life has particularly worried the rising proportion of married officers and ranks.

Fare increases allowed

THE Price Commission decided yesterday not to investigate the proposed average fare rises of just under 10 per cent planned by British Rail from next January, writes David Churchill.

Its decision, taken at the commission's regular weekly meeting, follows the statement earlier this month by Mr. Charles Williams, commission chairman, that British Rail's financial position meant it would automatically be allowed the fare increases under the Safeguard regulations.

The commission decided, in this case, that an inquiry was not needed especially as British Rail's price rises last year had been investigated. But Mr. Williams is writing to Sir Peter Parker, British Rail chairman, to point out the commission's concern at some areas of BR's activities.

These include budgetary procedures which are weighted against the traveller, its attitude towards commuters who have no realistic alternative transport, the corporation's slowness to introduce new efficiency measures; and the fact that the direct costs of its rural services are still not being met.

Mr. Williams also says that in view of these points, the commission will closely consider future price rise applications.

Rolls chairman laments machine-tool troubles

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

UNDISGUISED CRITICISM of lack of competitiveness in parts of the machine-tool industry came yesterday from Sir Kenneth Keith, chairman of Rolls-Royce.

Mentioning that Rolls-Royce went abroad for half its machine-tool requirements, Sir Kenneth said that the industry had much to do before it could regain its rightful position in world markets, and "very little time in which to do it."

He told the annual dinner of the Machine-Tool Trades Association in London that expansion of the RB211 programme as launch engine in the new Boeing 757 gave tremendous opportunities for British machine-tool manufacturers, but the business "is not going to be handed to you on a plate."

"We have a continuous fight on our hands with our two powerful American competitors. It is not the airframe manufacturers who decide whose engines are used, it is each individual airline, and each competition is a fierce battle.

"This is a tough business and there is no room for sentimentality or national chauvinism.

"We must, therefore, apply the same rules when we buy machine-tools as our customers apply to us, and frankly it saddens me to have to tell you that for every pound we spend on British machine-tools today we have to spend another pound overseas."

The machine-tool industry too often suffered from long lead times, uncertain delivery, equipment that did not work, and price.

One of the undoubted needs facing the industry was for further rationalisation.

Too many machine-tool companies produced too many products for far too few customers. "With the trend towards multifunctional machines, the overall industry is in fact contracting worldwide."

Against this, Britain had 150 machine-tool companies producing in total half the annual sales volume of Rolls-Royce. "Big is not necessarily beautiful but one can take smallness and fragmentation to an extreme."

Earlier, Mr. Bill Vaughan, president of the association, spoke of failings of customers of the machine-tool industry, and urged unions to be more constructive in attitudes to advanced technology where this was installed by "enterprising management," and in particular to deal with "that destructive 1 per cent" dedicated to wrecking vital production.

Fuel sector to recruit

BY KEVIN DONE, ENERGY CORRESPONDENT

ALL THE energy industries, except for electricity supply, are expecting to increase manpower over the next 10 years.

The fuel sector employs about 650,000 people and no big problems are foreseen in recruitment.

Sufficient numbers of newly-qualified graduates and technical college students should be available, but according to a report, prepared for the Energy Commission, there is an urgent need for people such as draughtsmen, engineers and technologists.

British Gas, which employs about 100,000 people and another 17,000 contractors' staff, expects to take on about 1,000 more skilled and 4,000 semi-skilled people over the next decade.

The United Kingdom Atomic Energy Authority, which employs about 13,250 workers expects a 10 per cent rise in its workforce and British Nuclear Fuels will probably increase its 12,500 workers by 2,500 by 1981.

Tri-ang plea rejected

BY ARNOLD KRANSDORFF

THE GOVERNMENT has turned down an appeal by the workers of Tri-ang Pedigree to save the Merthyr Tydfil-based toy company from closing down by Christmas.

Mr. John Morris, Secretary of State for Wales, yesterday confirmed the Government's decision not to make further financial support available.

Since 1975, nearly £4m of public funds have been pumped into the ailing company, which has been in the hands of a receiver since December last year.

Mr. Morris, rejecting a deputation's arguments for continued support, said: "It is now a matter for the receiver to take whatever action he deems to be necessary under the terms of his appointment."

The decision means that most of the company's 340 employees will lose their jobs within the next few weeks. A small staff will be kept on until the company is run down completely.

Metal Box 'puzzled'

BY MAURICE SAMUELSON

METAL BOX, which broke its ties with Israel two years ago, said yesterday that it was "very disconcerted" that it had still not been removed from the blacklist of the Central Arab Boycott Office in Damascus.

Mr. C. Gilbertson, chairman of Metal Box Overseas, said that as a result of the delay the company could not invest in the Arab world. It had sold its interest in the Israel Can Company nearly two years ago because of Arab pressure on customers who used Metal Box containers.

Since then Metal Box had been "knocking on the doors in Damascus" and had answered successive questionnaires from the Boycott Office. It still had no idea when it would come off the blacklist.

Mr. Gilbertson said that he was puzzled about the reason. "Arab administrators can never quite make up their mind whether it is better to have a major company on the list or off."

Beer figures

MORE THAN 3,408,000 barrels of beer were consumed in August, Customs and Excise figures said yesterday. In the month, about 83,000 barrels were exported.

Rare atlas fetches £44,000

SALEROOM

BY ANTONY THORNCROFT

A RARE edition in Spanish of Blaeu's famous Atlas Major, published in Amsterdam between 1658 and 1669 in ten volumes (one here is missing), sold for £44,000 plus 10 per cent buyer's premium at Christie's yesterday to Bosch, a Swiss dealer. It was in good condition, with 518 coloured maps, and made the top price in an auction of atlases and topographical books that totalled £219,360.

Bosch also paid £23,000 for an almost complete atlas by Ortelius, published in Antwerp in 1592. Other high prices were the £25,000 from the London dealer Hammond for a collection of 16th-century city views by Braun and Hogenberg, published in Cologne in 1599; £7,500 from Burgess for Saint-Non's description of the Kingdom of Naples and Sicily in the late 18th century; and £5,800 for the Illustrations of British Ornithology, by Selby.

Very good prices were paid in a Sothebys sale of modern British drawings and paintings, which totalled £238,565. A watercolour by Sir William Russell Flint, unusual in that it showed figures in an interior rather than a nude, sold for £7,600, an auction record for this popular artist. Crane Kalman gave £12,000, a good price, for a Lowry, "The Steps" dated 1940, while Frost and Reed acquired a Montague Dawson clipper for £11,800. A Henry Moore bronze, "Standing Figure Relief No. 1," made £7,500.

On Tuesday night at Hopetoun House, Edinburgh, Sotheby's sold Scottish pictures for £109,027. The Fine Arts Society paid £5,200 for "Pick-a-Back," by Edward Hornel, and £4,000 each was successfully bid for "A Sunny Afternoon" by Robert Hutchison and "When Snow the Pasture Sheets," by Joseph Farquharson.

Military and campaign medals from the collection of the late Charles Lovell sold for £97,202 in a continuing sale which ends today. The highest price was the £8,000 for a Victoria Cross and related documents awarded to Private J. Barry of the Royal Irish Regiment, who died in 1901 fighting the Boers.

Christie's this week is holding its series of autumn sales in Geneva. The auction devoted to silver and objects of vertu produced a top price of £55,555 for a large parcel gilt figure of the infant Bacchus by Hans Lambrecht III, made in Hamburg about 1650. It has belonged to the Great Elector of Brandenburg and to King Frederick I.

Tarling judgment reserved

JUDGMENT WAS reserved in the High Court yesterday on a second bid by Mr. Richard Tarling, former chairman of Haw Par Brothers International, to avoid extradition to Singapore under the Fugitive Offenders Act, on five company law charges.

Lord Widgery (Lord Chief Justice), sitting with Mr. Justice Griffiths and Mr. Justice Gibson in the Queen's Bench Divisional Court, said a decision on Mr. Tarling's application for a writ of habeas corpus would be given as soon as possible.

In April, the Lords ruled that Mr. Tarling should not be sent to Singapore on other charges alleging dishonesty. Mr. Tarling now claims that it would be "unjust or oppressive" to return him to Singapore, having regard to the passage of time.

He also contends that his extradition would be "absurd" because, under Singapore company law, he has a complete defence to the charges, which relate to the annual accounts of Haw Par for the years ending April, 1973, and April, 1974.

When the present hearing began, Mr. Louis Blom-Cooper, QC, for Mr. Tarling, submitted that the fact that the court had turned down a similar move by Mr. Tarling in July last year, did not prevent him making a fresh application.

مكتبة الأسد

How patriotic is it to buy a computer from IBM?

Or an electric typewriter? Or a photocopier? A dictation system? Or even a typewriter ribbon?

There's only one way to answer questions like these. Not with persuasively worded opinions but with cold, hard facts.

Last year alone, our capital investment in Britain amounted to £90 million.

We've increased our staff from six when we started in 1951, to 15,000 British people working in Britain and for Britain.

They're working at Hursley, in IBM's biggest research and development laboratory in Europe. At Greenock and Havant, manufacturing machines that help keep British products competitive in an international market and at the same time building our exports.

Every year we're increasing our investment in laboratories, plants, offices and training centres, in developing know-how and expertise.

The fact that we've already invested over £490 million should speak volumes about our commitment to Britain.

And a lot more about our faith in Britain's future.

IBM

IBM United Kingdom Limited, P.O. Box 41, North Harbour, Portsmouth PO6 3AU.

National Oil widens its ties with overseas companies

BY KEVIN DONE, ENERGY CORRESPONDENT

THE British National Oil Corporation is broadening its ties with overseas state oil companies. It is planning an exchange of personnel with Petroven, the Venezuelan state oil company, and has just completed its first round of informal talks with Petronas, the Malaysian state oil company.

The exchange with Venezuela will involve the transfer of three National Oil employees from the UK, whose places will be filled by personnel from Petroven. It will take place early next year.

It is one of the first fruits of a series of contacts that have been established by National Oil with state oil companies in Venezuela, Mexico, Brazil and elsewhere.

The corporation has made no secret of the fact that it harbours international ambitions, which eventually could involve it in oil exploration overseas.

For the moment it is anxious to develop opportunities for its staff to gain overseas experience, in order to broaden its appeal in the recruitment of new staff.

Lord Kearton, chairman, said this year: "BNOC wants to get people with wide experience in other areas, and we will keep them only by giving them experience elsewhere."

The corporation delegation which has just completed a week of talks with Petronas in Malaysia, was led by Mr. Jerry Evans, a managing director. Sir Jack Rampton, permanent secretary at the Department of Energy, also took part in the visit.

The Government sees contacts between the corporation and overseas state oil companies as promoting closer ties with countries which also offer attractive export markets for UK industry.

Equally, such contacts also provide the corporation with the chance to see at first hand how other state oil companies handle their day-to-day contacts with the international oil companies. This offers a basis for a comparison of conditions and the financial rates of return which prove acceptable in different oil provinces round the world.

Meade proposes cure for 'stagflation'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BIG CHANGES in the Government's fiscal and monetary objectives and in the present system of wage bargaining, were urged last night by Professor James Meade, the Nobel prize winning Cambridge economist.

Changes were necessary to cure the present disease of "stagflation," whereby the economy was both stagnant and inflationary, he said.

Professor Meade was giving the biennial Snow lecture in Cambridge on "stagflation or making the worst of both worlds."

A key part of his proposals was that Parliament should recognise, as a strict constitutional financial restraint, a sacred rule, that fiscal and monetary policies should be used, not directly to maintain full employment, but to maintain a steady rate of growth of, say, 5 per cent a year in the total money demand for goods and services and so, in the total money national income.

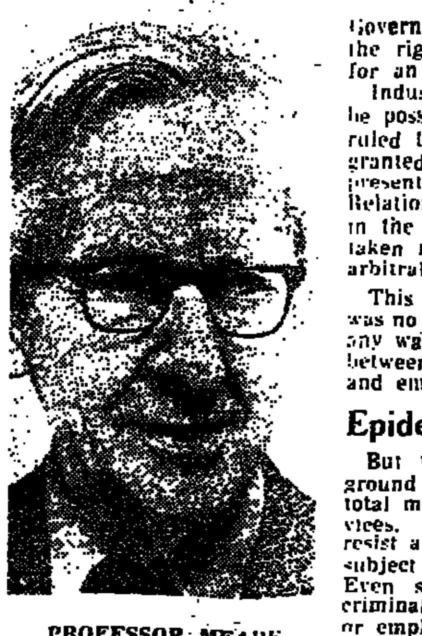
As a variant, total demand should be so managed as to keep, not the total national income, but rather the total national wage bill on a steady 5 per cent a year growth path.

Restraint

On this basis, any governmental percentage guidelines for increases in wage rates would simply be replaced by an effective use of demand management techniques, which actually kept the total wage bill on a given annual percentage growth path.

Then it would be left to wage-fixing arrangements to decide how the increase would be divided between increased employment and increased wage rates in various sectors of the economy.

But it would remain important that profit margins as well as money wage rates should be restrained, mainly through the promotion of competition among producers.



PROFESSOR MEADE
'Lunatic wage-fixing'

One necessary condition for the feasibility of any such rule for monetary and fiscal policies is that it should be accompanied by a suitable reform of wage-fixing arrangements. Professor Meade rejected a formal centralised incomes policy and a corporate State solution.

In place of industrial action to determine personal incomes by the accidents of monopoly bargaining power there, should be a resort to arbitration in cases of dispute. A main criterion of arbitral awards would be to restrict such wage increases as would impede the expansion of employment in any sector.

This would be compatible with a simple return to uncontrolled monopoly bargaining with the essential difference that either party to a trade dispute, and the Government itself, could be given the right to refer that dispute for an arbitral award.

Industrial action would still be possible, though it would be ruled that the legal immunities granted to the parties by the present Trade Union and Labour Relations Acts would be denied in the case of industrial action taken in opposition to such an arbitral award.

This would mean that there was no restriction whatsoever on any wage bargain freely agreed between any group of workers and employers.

Epidemic

But when, against the background of a strictly restrained total market for goods and services, employers decided to resist a claim, it could be made subject to an arbitral award. Even so, it would not be a criminal offence for the workers or employers concerned to take industrial action.

These solutions were necessary, because of the epidemic of "stagflation." This consisted of the temptation for politicians to use the tools of demand management for the over-stimulation of the economy, and the uncontrolled power of labour monopolies to press for wage increases.

The present way of fixing money wage rates was quite lunatic and a system of uncontrolled monopoly, rather than free collective bargaining.

This represented a recipe for disaster which could be averted from time to time by the temporary reinstatement of strict monetary and fiscal constraints which would result in unemployment and a "stagflating" economy as the upward pressure of rates of pay met the reimposed downward pressure of the monetary and fiscal constraints, said Professor Meade.

North-east attempts to attract Inmos

BY JOHN LLOYD

TYNE and Wear County Council has moved ahead of other regional authorities with a new bid to attract Inmos, the micro-electronics company financed by the National Enterprise Board to the North-east.

Competition among the regions, especially the North-west and the North-east, is already intense. Tyne and Wear's move yesterday was to announce that it had committed £300,000 to the Microelectronics Applications Research Institute, which would study ways of using micro-processors in new and existing products.

The institute has three "parents," Newcastle University and Newcastle Polytechnic, where there are microelectronic and computing research centres, and the software company Computer Analysts and Programmers, in which the Enterprise Board has a 29.9 per cent share.

The initial £300,000 is regarded as "pump-priming" capital, and it is hoped that it will be augmented by an equivalent amount from central government.

Tyne and Wear's case for getting Inmos, which has now gone to Industry Secretary Mr. Eric Varley and Sir Leslie Murphy, the chairman of the Enterprise Board, rests on its high unemployment rate—standing at 9.9 per cent, four points higher than the UK average—its status as a special development area, attracting the highest level of Government incentives, and its pool of skilled labour.

In August, Greater Manchester and Merseyside Councils, together with the North West Industrial Development Association, made a case to Mr. Varley, for siting the Inmos plant in the North-west.

It is expected that Inmos, which is still at an early stage of development, will shortly announce the establishment of a technical centre, ultimately employing about 400 people. The favourite site for the centre is thought to be Bristol.

A production plant, to employ about 4,000 people, will not be established until 1980 or 1981.

Official figures may mean less growth

By Peter Riddell, Economics Correspondent

A POSSIBLE slowdown in the rate of growth of output is suggested by new official forward indicators of turning-points in the level of economic activity.

The Central Statistical Office's index of longer-leading indicators fell in October. Apart from a slight rise in August, the index has now fallen continuously since autumn last year.

This index has an average lead time of about 12 months ahead of turning points in the cycle of economic activity.

Consequently the now clearly established down-trend in the index points to a fairly early slackening in the pace of the economic upturn.

However, the figures need to be interpreted with considerable caution because of the nature of the data which make up the index.

For example, the longer-leading index is heavily dependent in the short-time on share prices and interest rates.

Moreover, the composite index of shorter leading indicators rose in September for the fourth month running, owing to increases in new car registrations and in hire purchase new credit extended.

This index has an average lead time ahead of economic turning points of five months, which suggests that the pace of activity should be maintained at least during the winter.

The indices of both coincident and lagging indicators have risen in recent months.

Managers 'are afraid to take decisions'

FINANCIAL TIMES REPORTER

MANAGERS ARE beginning to believe it is wrong to take a decision unless it is by consensus in committee, Professor Brian Wilson of the Cranfield Institute of Technology, said last night.

Many of them were being unnerved by "all the talk of 'industrial democracy' and 'participative management'."

"Managers must be given guidelines to help them decide who to involve and how—to gain commitment to company goals but not to lose control," Prof. Wilson said in his inaugural lecture as Professor of Organisation and Human Resources in the institute's School of Management.

Prof. Wilson — formerly a senior manager with ICI and BOC and personnel director of Babcock and Wilcox, said: "Organisations must work out at the highest policy levels what is involved in getting the best out of their employees — all employees at all levels, from blue-collar to white-collar.

"Such thinking cannot avoid consideration of basic beliefs about people, and the implications for styles of management."

In a successful business, senior managers demonstrated by example, practising what they preached. "Unpleasant realities are faced and dealt with."

The role of the supervisor should be re-defined. "If responsible behaviour and self-control is going to develop on the shop floor, the traditional supervisory role will become redundant — perhaps the title too.

"Helping the shop floor to get on and produce will become increasingly important—but this is a new job for which supervisors must be trained."

Shops close as cut-price superstore moves in

BY OUR SCOTTISH CORRESPONDENT

SUPERSTORES built in shopping centres rather than on the outskirts of towns could have a considerable impact on smaller retailers, according to a study published yesterday.

Within six months of the opening of an ASDA store—operated by Associated Dairies—in Coatbridge, Lanarkshire, some food shops in the town had closed and others were trading at lower profit levels, even though they had cut staff.

The study, commissioned by the Scottish Office and the local authority, found that sales in other food shops at the shopping centre dropped by up to a half, although shops selling other goods suffered less and lost only about one-fifth of their trade.

In neighbouring shopping centres food trade fell by 30 per cent, and in nearby villages by about 20 per cent.

The main reason seems to have been keener pricing. Over the period of the study, ASDA consistently maintained lower prices than its local competitors, particularly for food.

Non-food shops did not benefit from ASDA's presence in the shopping centre, but the authors of the study believe that there may have been too few of them to stimulate competition and draw off some of the larger number of customers attracted by the superstores.

The Impact of a Town Centre Superstore. SO £10.

Council power transfer struggle predicted

BY PAUL TAYLOR

FRICTION between two local authority groupings became apparent yesterday when the Association of District Councils, meeting in London, predicted a bitter struggle with the Association of County Councils over the Government's plans to hand back certain powers to the district councils.

The tension between the associations, both Conservative-controlled, has been building up since August, when Mr. Peter Shore, Environment Secretary, announced plans for a limited reorganisation of local government.

Powers such as education, social services, transport, highways and planning were to be transferred from the counties back to the larger districts. The plans go far towards meeting one of the district councils' main aims.

That was recognised by Sir Duncan Lock, chairman of the district councils, yesterday. He added that his association had sought further consultations with Mr. Shore over the plans and would be urging more flexibility in the proposals.

However, he, and other association members, said that the county councils would oppose the scheme.

Association members expressed fears about the range of the proposals, drawing particular attention to the difficulties that would be faced by smaller districts in the County of Avon were Bristol to win back most of its lost powers.

The other element causing friction between the associations is the question of handing the needs element in the Rate Support Grant Settlement directly to the districts instead of counties.

The needs element is the part of the Rate Support Grant designed to even out differences between what local authorities need to spend because of differing demands for services or costs in providing those services.

It now appears likely that the districts will be awarded the needs element when the settlement is announced, tomorrow week.

CONTRACTS

£750,000 bank power supply order for ESB

BY JOHN LLOYD

A CONTRACT for a 1.6 megawatt unit to supply back up power for a computer has been placed by the Midland Bank with **ESB/EDCEL**, the UK subsidiary of the U.S. Ray-O-Vac Corporation.

The contract, believed to be the largest of its kind yet placed in the UK, is worth £750,000.

The unit will be installed in the bank's south Yorkshire computer centre and is designed to cut in instantly when the regular power supply fails.

It will provide full power for the computer for up to ten minutes and ensure continuity of supply until the stand-by diesel plants cuts in, or the regular supply is restored.

★

A £250,000 order for two high cab mobile **JONES** cranes — each capable of lifting up to 24 tons—has been placed by the Port of Felixstowe. The cranes can handle cargo from ships of up to 30 feet freeboard and have a lifting capacity ranging from six tons at 60 feet to 24 tons at 20 feet.

★

Dunfermline protective clothing manufacturer, **JELTEK** has been awarded the largest contract in its history, worth £820,000. The order is from the Ministry of Defence and is for the provision of waterproof jackets for the Air Cadet Force and waterproof suits for civilian and RAF personnel.

★

The special projects division of **CORRALL CONSTRUCTION** has a contract valued at over £500,000 for the modernisation of 72 flats by the London Borough of Ealing. Work, at Popes Lane, will be carried out with the tenants remaining in occupation and the company will provide a tenant relations officer to liaise between the tenants and the production teams.

★

Scotland's largest privately-owned shipbuilders, the **CAMPBELTOWN SHIPYARD** of Argyll, has won orders for three steel fishing vessels, worth a total of £1.5m. The orders, all from Scottish owners, will keep the yard's 160 work-force busy until the end of next year. Campbeltown Shipyards is owned by Lithgow Holdings of Glasgow, in conjunction with the Highlands and Islands Development Board.

Move to cut red tape

LESS DOCUMENTATION will be required for goods in transit through the UK under the full Community transit procedure if Parliament approves an Order now before the House.

Customers control form X548, hitherto required for goods arriving in the UK on their way to another EEC member country, would be dispensed with from December 8.

Mechanical engineering sales 'sluggish'

BY RHYS DAVID, NORTHERN CORRESPONDENT

BRITAIN'S MECHANICAL engineering industry has performed poorly this year at a time of rising home demand, and may find its competitiveness further undermined next year by high wage awards, according to a brokers' report on the sector.

The report, by Manchester-based Henry Cooke, Lumsden, says that investment by manufacturing and distribution and service industry has shown a good recovery this year, the latest estimates forecasting increases of 10-11 per cent and 8.8 per cent respectively.

The mechanical engineering industry's sales, however, had continued to be sluggish and total output over the year might end up only marginally ahead of last year.

The only obvious reflection of the recovery in manufacturing investment was the healthier state of the UK machine tool industry.

The industry's failure to take full advantage of a rising home market was attributed to higher levels of imports. In the first nine months of this year, while export volume in the machinery category was unchanged, import volume was 15 per cent higher (though this figure did include domestic appliances and consumer electrical goods).

Growth in domestic demand was likely to slow down next year, with the latest investment intentions survey's showing a rise of about 4-8 per cent likely in capital spending by manufacturing industry and 3-7 per cent by distribution and services.

The outlook for exports was uncertain. Western Europe, which took nearly 40 per cent of UK mechanical engineering exports, should show reasonable growth next year and should more than compensate for more difficult conditions expected in North America, which took about 15 per cent, with a heavy bias towards aero-engines.

Conditions had already become much more difficult, however, in OPEC countries, with a number of big projects being delayed.

Several of these newer markets would remain keen. Yet ing heavy investment in new plant and there was the added complication in some of political unrest. In the large scale project field it was not easy to see why China was courted.

Even on the most optimistic view, and allowing for a recovery in Western European markets, pricing in world markets would remain keen. Yet the sluggishness of export orders was an indication that UK price competitiveness was poor.

In the year to August, average earnings in the mechanical engineering industry were 17 per cent higher than a year earlier, while costs of materials continued to increase at about 10 per cent.

So far, the engineering industry had been successful in negotiating Phase Four settlements, but the number of claims coming up for review had been seasonally light.

Competitive pressures, particularly in export markets, underlined the need for pay awards to be near the 5 per cent norm.

Times seeks further talks

BY ALAN PIKE

TIMES NEWSPAPERS management, with only a fortnight left before deadline for suspending all publication, yesterday sought further talks with print union leaders on its proposed new disputes procedure.

The move came as the company announced its first breakthrough in attempts to pursuade employees to accept new working methods. It said that 53 circulation representatives, members of the Society of Graphical and Allied Trades, had signed an agreement on terms for their job. The new disputes procedure, which covers the whole company, still has to be agreed.

Mr. Marmaduke Hussey, chief executive of Times Newspapers, yesterday sought a meeting with print union general secretaries next Tuesday for further discussions on the procedure. The company has said that it will suspend publication of The Times, the Sunday Times and the three Times supplements from November 30 unless agreement is obtained.

The national council of the National Graphical Association will today discuss Times Newspapers' proposals for the introduction of a new-technology composing room, and there will be a further meeting with the company on this tomorrow.

Management of The Guardian, which prints its southern editions on The Times presses in London, yesterday announced contingency plans for production if Times Newspapers' suspension of publication goes ahead. Associated Newspapers, publishers of the Daily Mail and London Evening News, have agreed to provide temporary foundry, machine and publishing room facilities.

Mr. Gerry Taylor, managing director of The Guardian, said that the newspaper was enjoying a period of considerable sales success and The Guardian must not be threatened by events in which it could play no part. Times Newspapers had been fully consulted about the arrangement.

Bitterness as bread strike talks collapse

BY PAULINE CLARK, LABOUR STAFF

RESUMED TALKS between employers and union leaders in the national bread strike broke after an hour yesterday amid mounting bitternes and frustration.

During talks under the umbrella of the Advisory Conciliation and Arbitration Service, employers accused the Bakers' Food and Allied Workers' Union of "deliberate misrepresentation" of their productivity proposals.

The talks were the first between the two sides since the start of the strike by more than 20,000 bakery workers nine days ago.

Hopes, however, that agreement might be reached through an improved pay offer from the Federation of Bakers appeared to founder at the outset.

Even before joining the talks, Mr. Sam Maddox, the union's general secretary, made clear that employers would have to meet the 26 per cent pay demand in full for any progress to be made.

Misrepresenting

"It's all or nothing," he said. "The bulk of my members are still militant and, on their behalf, I am not prepared to go below a £10 settlement."

Federation leaders, representing Ranks Hovis McDougall and Allied Bakeries, were apparently unable to find any opening for improving their previous offer of a 5 per cent increase on basic rates and 6 per cent through productivity. They have hinted, however, that that may not be their final stand.

After the talks broke down, Mr. Michael Rodgers, director of the federation, said, "We told them they were deliberately misrepresenting our proposals, so we were unable to take seriously their promise to discuss productivity afterwards if we agreed first to meet the demand."

Mr. Maddox meanwhile said he could no longer accept a £37.65 weekly wage for his members. "We will not come running back to the employers again."

The federation said yesterday that another 200 bakery workers had returned to work, bringing the total defying the strike call to more than 3,000. Mr. Harold Walker, Employment Minister, said this week that the combination of strike breakers, management efforts and extra work by independent bakeries was maintaining the country's bread supplies at 65 to 70 per cent of normal levels.

Most union members are, however, still supporting the strike and the position will be considered at a special union delegate conference in Birmingham on Saturday.

Moves are expected to be made to discipline strike breakers although the federation has given a warning that it will continue to employ any union member who forfeits his union card for working during the strike.

It will also discuss the terms of the employers' previous productivity offer, which appear to have given rise to the greatest disagreement.

The employers' proposals centre on improvements in manning levels, more labour mobility, and introduction of permanent night workers where agreed locally between employers and unions.

Employers also want a guarantee that an agreement on holiday arrangements reached at the end of last year's strike will be honoured.

Shipyards plan hits better-paid

By Our South Shields Correspondent

SHIPBUILDING union delegates from all over the country meeting in Newcastle-upon-Tyne today will be asked by British Shipbuilders to accept a new wages structure which will give rises to the lower-paid but offer nothing to high-paid skilled workers.

Delegates from the Confederation of Shipbuilding and Engineering Unions will also be given details of British Shipbuilders' corporate plan, which outlines proposed redundancies and yard closures.

On the pay front British Shipbuilders want a common "start date" of January 1, 1979, for all its subsidiaries. The unions have agreed to this, but the corporation's proposal for increasing the pay of the lower-paid at the expense of the better-off is bound to bring fierce opposition from the craft unions.

To back their case, British Shipbuilders point out that wage awards in the industry this year have already added about 2.8 per cent to the wages bill, leaving only 2.2 per cent to be distributed within the Government pay guidelines.

A British Shipbuilders' document to be presented to the union delegates says that, having received notice from the Confederation of an autumn pay claim, it "seemed to us that with so little in the kitty it was quite possible that settlements in subsidiaries could have pre-empted consideration of any claim or claims you might choose to table.

Wages policy

"We, therefore, thought it quite wrong to allow subsidiaries to proceed without first discussing with you our wages' strategy and policy."

The document says that British Shipbuilders would like the money remaining in the kitty to establish for hourly paid workers a minimum earnings level for 40 hours' labour.

There is equally little comfort for staff in the document. Staff employees did not benefit from the recnt national agreement for hourly paid workers, and "on the grounds of equity" British Shipbuilders propose that staff should be given a general increase of 2.8 per cent, and that the balance of their kitty should be used in each subsidiary to rectify anomalies.

Michelin workers may ban overtime

BY NICK GARNETT, LABOUR STAFF

MICHELIN UK's manual workforce is being recommended to impose a total overtime ban from the end of this week in a dispute over annual pay negotiations.

The company has offered the 8,000 workers a 9 per cent deal, linked to improved efficiency and higher productivity. A further 2½ per cent would also be available later if justified by continued improvements in performance.

Meetings at the company's six factories overwhelmingly rejected the proposals, particularly the commitments sought by the company. These would have included altered working arrangements around breaks and changed holiday patterns.

Further negotiations at the weekend between the company and the Transport and General Workers Union, which represents the manual workforce, failed to resolve the issue.

The commitments are seen by the company as vital to justify the size of the offer. Although the commitments have been a major stumbling block to acceptance of the proposals, a section of the workforce also believes that the actual size of the money offer is too small.

The offer involves the "reinstatement" of a 3 per cent supplement and a further 6 per cent on earnings. A national shop stewards' meeting is due to be reconvened in early December, if the company does not change its position.

Employers in the glass container industry have made a "final" pay offer to 12,000 manual workers. A previous offer, which had been accepted by union negotiators was rejected at mass meetings.

That offer involved an increase of 7.5p on the existing basic rate of £1 an hour. Shift payments would be improved, and extra consolidation of pay supplements would have been implemented in April.

Mr. Eddie Newall, national industrial officer for the General and Municipal Workers Union, said yesterday that the new offer involved the bringing forward of consolidation from April to January. The workforce was due to settle in September.

The new offer will be put to members with no recommendation from negotiators. If it is again rejected the workforce would almost certainly be in dispute with employers.

Striking busmen get £12 offer

GLASGOW'S 22-day bus strike is expected to end today when 700 maintenance craftsmen meet to hear a recommendation from their shop stewards to return to work.

The settlement reached with the Greater Passenger Transport Executive involves a 5 per cent rise on basic rates, together with a productivity deal which could add up to £12 a week.

Ellesmere Port men end pay strike

BY PHILIP BASSETT, LABOUR STAFF

SKILLED WORKERS at Vauxhall's Ellesmere Port plant on the Mersey called off their four-day unofficial strike over pay differentials yesterday, and began returning to work.

The decision at a mass meeting of the 900 craftsmen to follow a recommendation by strike leaders to end the stoppage seals the acceptance of the company's pay offer, 8.5 per cent plus productivity. This has been accepted by all unions representing the company's 26,000 manual workers.

The overwhelming vote for a return to work was on the understanding that the company pursues the skilled workers' claim for improved differentials in the next two years. Individual unions will press the claim.

The Ellesmere Port craftsmen, with workers at the Kirkby, Merseyside, and Southampton plants of AC Delco, the General Motors car components subsidiary, were the only skilled workers to respond to hte strike call by the unofficial General Motors Combined Crafts Committee, which claimed support of all 5,000 craftsmen.

AC Delco skilled workers at Southampton and Kirkby decided yesterday to return to work on Monday.

Committee leaders said that Vauxhall skilled workers earned only 11½ per cent more than production workers, compared with 18 per cent more in 1970. The 3,500 craftsmen at Luton and Dunstable, with a recognition of the weighting toward skilled workers in the company's pay offer, voted not to strike.

The unofficial committee was acting in the face of the official union organisation, which at national level had recommended a return to work and at local level at Ellesmere Port was prepared to co-operate fully with management to avoid layoffs and maintain production.

Mr. Norman Gunter, the committee chairman, denied that the return to work was a defeat for the committee. He said: "We will now take a hard look at hte different positions and the levels of support."

The accepted offer gives pay increases ranging from 4.3 to 6.7 per cent for day shift workers, with £2-£26.60 as the first part of a productivity deal, and further possible weekly earnings from the deal of 25p-£10.

Massey workers seek support

WORKERS AT Massey-Ferguson's combine-harvester plant at Kilmarnock, Scotland, which is threatened with closure, are trying to gain support among the 5,500 production men at the Perkins diesel engine plant in Peterborough.

Perkins, the world's biggest diesel engine manufacturer, is part of the Massey-Ferguson empire and its shop stewards agreed yesterday to meet Mr. Sam McKay, the Kilmarnock convenor.

He told them that 1,000 jobs would be lost if Massey-Ferguson went ahead with plans to move its combine-harvester operation to France.

PARLIAMENT AND POLITICS

Healey stands firm on 5% wage policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT intends to pursue its 5 per cent wages policy "honestly and courageously in the interests of the nation as a whole," despite the failure to reach agreement with the TUC, Mr. Denis Healey, Chancellor of the Exchequer, told the Commons.

The Chancellor was given a compartively easy ride as he explained to the House the reasons for the final breakdown in negotiations with the TUC the previous night.

Putting a brave face on events, he continuously emphasised that the proposed statement on collective bargaining, costs and prices had been accepted by the economic committee of the TUC and by many of the most influential trade union leaders on the General Council.

At the same time, he stressed that there could be no question of the Government making a second attempt to negotiate the agreement with the unions.

He also made great play with the fact that statements of support for the Government had been made yesterday by Mr. Tom Jackson, TUC chairman, and Lord Allen, chairman of the TUC economic committee.

The Chancellor rejected an attack from Sir Geoffrey Howe, Tory shadow Chancellor, who claimed that the "myth of the social contract," the very foundation of government policy, had now been finally and totally destroyed.

He also rejected demands from Mr. David Steel, Liberal leader, and Mr. John Pardoe, Liberal economic spokesman, that he should now come to the House and attempt to get support for a full, statutory incomes policy.

Throughout the exchanges, Mr. Healey emphasised his belief that the people of the country were firmly behind the Government's wages policy.

With a touch of his old ebullience, he described Sir Geoffrey as "the sheep of the Baskervilles," and declared that a firm pay policy "remains the best basis for the attack on inflation and we know this view is shared by the great majority of people."

The criticisms from the Government's own Left wing were comparatively muted. The Tribunites concentrated on warnings of the electoral consequences if the Government continued the firm control of money supply and public spending, and thus increased the number of unemployed.

SIR GEOFFREY HOWE

The Chancellor, however, took a fairly cautious line on the scope for monetary and fiscal measures in the absence of an agreement with the unions.

"The case for tighter monetary and fiscal policy will not exist unless there is the sort of wage explosion we had three years ago.

"But if we did have such an outbreak, the Government would have to accept its responsibility to the nation."

On the use of monetary policy, he said he was "far more of a charitable Christian" than Mrs. Margaret Thatcher, whom he likened to Torquemada, the head of the Spanish Inquisition.

The Chancellor was pressed by the Tories to say what the policy would now be on the use of sanctions against companies who break the 5 per cent pay guidelines.

Mr. Healey said the Government would be discussing the operation of sanctions with the CBI, with a view to extending the scope of arbitration provisions.

Sanctions would still be there, although there was a need to get fair treatment for Government contractors, at the same time as achieving an effective counter-inflation policy.

Nevertheless, he hinted that if necessary, the Government would be prepared to use sanctions against Ford.

Pressed on this point, he said: "As soon as we know what settlement is made, we shall tell the House of what sanctions, if any, we propose

"The House should not be under any misapprehension that if we get a settlement outside the guidelines, we shall use our discretionary powers in consequence."

Mr. Healey dealt gingerly with questioners who wanted to know what the position would be on the TUC suggestions for tougher price controls now that no agreement had been reached on pay.

He explained that the proposals in the document for extending the discretion of the Price Commission and securing the maximum interval between price increases were "not necessarily binding" in the present situation.

Mr. Healey said an important element was the agrement of the six representatives of the TUC to keep a close watch on progress towards the Government's inflation target, and to take appropriate action from time to time towards it.

He wanted to invite the CBI to meet the Government from time to time on a similar basis.

From the Opposition front bench, Sir Geoffrey Howe said that although the Conservatives favoured moderation in pay settlements, the Government's imposition of an arbitrary pay limit had been wrongheaded and counter-productive.

Did the Chancellor intend to apply the 5 per cent limit across the board and impose sanctions in every case against companiee who failed to observe it? If so, would it not do more harm than good.

He also wanted to know the Government's attitude towards prices policy and warned that any tightening of price controls would squeeze profits, discourage investments and destroy jobs.

Sir Geoffrey also wondered what the future held for those paying mortgages. The benefits of lower rates earlier in the year had been swept away as a result of the decision to increase Government spending by £4bn.

The Chancellor had claimed that he was relying on a wide range of individual wage settlements to be negotiated by the good sense and responsibility of trade unionists.

But, said Sir Geoffrey, he must bitterly regret that every piece of industrial legislation passed by the present Government had diminished the authority of moderate trade unionists and strengthened the militants.

Ministers attacked over Europe

BY IVOR OWEN

ATTITUDES DROPPED by Labour Ministers in top-level negotiations have resulted in Britain being effectively relegated to second-class status within the EEC, Mr. Douglas Hurd, a Conservative spokesman on foreign affairs, claimed in the Commons last night.

He cited the conduct of the discussions on the proposed European Monetary System, which had clearly been dominated by Germany and France, as an example of Britain's "declining influence.

"I think this is a thoroughly disturbing development, quite regardless of the view one eventually takes on the EMS proposals," declared Mr. Hurd.

Objective observers were continually remarking on the slide in Britain's bargaining strength in Europe, he said.

He contended that the "ambiguity" shown by Ministers in their dealings with the EEC was dominated by the basic division within the Labour Party over Britain's continuing membership of the Community, with the result that every member of the Government found it necessary to be seen to be looking at the door marked "exit."

Mr. Hurd was particularly censorious of Mr. Anthony Wedgwood Benn, Energy Secretary, and Mr. John Silkin, Minister of Agriculture—two of the leading anti-marketeers in the Cabinet prior to the 1975 referendum — and accused them of "building their political careers on discrediting Europe."

Penalties and damage had been inflicted on British interests as a result, and worse still, they seemed to have affected their colleagues, so that even the Prime Minister and the Foreign Secretary were unable to get genuine criticism of Community policy to reach the target, Mr. Hurd told MPs.

What had happened in the EMS negotiations, Mr. Hurd maintained, was that Ministers had allowed a two-tier Europe to be created in which Britain was in the second class.

These charges were rejected by Mr. Frank Judd, Foreign Office Minister of State, who earlier announced that Parliament would soon be asked to approve the boundaries for Britain's 78 Euro-constituencies, in readiness for the first direct elections to the European assembly on June 7 next year.

The proposals made by the Boundary Commission would shortly be laid before Parliament by Mr. Merlyn Rees, Home Secretary, together with the draft regulations for the conduct of elections.

Mr. Judd reaffirmed the Government's determination to ensure that the members of the European Parliament were not given "excessive" salaries. There was no question of £30,000 a year being provided, as had been suggested in some newspapers.

It would be wrong, for the members of the European Parliament to be living like fat cats on rich cream in these days of economic recession.

Mr. Judd suggested that the salaries in the European Parliament should reflect those of the national parliaments of the Community, and he supported the Treasury's view that national taxation should apply.

TREASURY FORECAST FOR 1979

Economy is expected to expand—but more slowly

THE ECONOMY is expected to continue to expand during next year though at a slightly slower rate than during 1978, while consumers' spending and exports are likely to be the main forces behind expansion.

These are the main features of the new Treasury forecasts for the economy during 1979, published last night. The projections are disclosed twice a year and update those contained in the Financial Statement and Budget Report in April 1978.

The Treasury is also projecting that the current account should remain near to balance and the rate of price inflation should stay near the present rate of about 8 per cent a year.

Recent developments

The first half of 1978 saw an acceleration of growth in gross domestic product (GDP), together with a small reduction in unemployment and continued progress on reducing and containing inflation. These trends appear to have continued in the third quarter.

The change on a year earlier in retail prices, which fell below 10 per cent in January, was further reduced to below 8 per cent in April, and has since remained in a range of 7 to 8 per cent.

Average earnings in August were around 14 per cent higher than a year earlier, implying a substantial increase in real earnings over the past year. Take-home pay has been boosted further by tax reductions announced in October of last year, and in the April Budget. As a result, real personal disposable income in the second quarter was 7½ per cent higher than a year before.

The large rise in real incomes has produced a substantial increase in consumers' expenditure, which was 3½ per cent higher in the first half of this year than in the second half of 1977. Provisional estimates for the third quarter show continuing growth, with a quarter-on-quarter rise of 1½ per cent.

Higher consumers' expenditure and a high level of stockbuilding have been factors behind the growth in GDP in the first half of 1978. On present evidence, growth in GDP between the second half of 1977 and the first half of 1978 was at an annual rate of around 3 per cent. The output estimate—often regarded as the most reliable indicator of short-term movements—suggests a slightly larger increase in GDP.

The past two years have seen a strong recovery in private sector industrial and commercial investment from the deep recession of 1974-75. Between the first halves of 1976 and 1978 manufacturing investment (excluding iron and steel) rose by 29½ per cent and distributive and service investment by 23 per cent.

Unemployment has been falling slowly this year, and in October was 90,000 lower (including school leavers) than a year earlier.

Export volumes, after falling quite sharply in the fourth quarter of 1977 from the very high levels of the previous quarter, have shown moderate growth over the course of 1978. Import volumes have been rising with a particularly large increase in the first quarter. Nearly all the rise this year has been in imports of manufactures.

The balance of visible trade, which showed a marginal surplus in the second half of 1977, recorded a deficit of about £1,050m in the first three-quarters of 1978. The surplus on invisibles in the first half of 1978 is estimated at a little under £650m, rather lower than the £1,050m surplus recorded in the second half of 1977. Including a projection of the surplus on invisibles, the current account is estimated to have been in approximate balance over the first three-quarters of 1978.

Policy assumptions

The forecast assumes that both pay settlements and increases in average earnings in the current pay round will be about half those realised last year under the ten per cent guidelines. The UK's effective exchange rate is assumed to remain unchanged. Monetary growth is held within the announced limits. A conventional assumption is made that both personal income tax allowances and bands, and also specific indirect tax rates, are increased in the 1979 Budget to take account of price rises during 1978.

Domestic demand

The rapid rise in living standards this year has been made possible by a favourable combination of tax cuts and of earnings growth well in excess of price rises. While a slower rate of growth in consumer spending seems inevitable, further increases are likely, of the order of 2½ per cent during 1979. Factors likely to sustain spending in 1979 are: increases in social security benefits (especially the rise in the child benefit rate); increases in some non-wage incomes and, perhaps most important of all, a fall in the rate of savings. This reflects the usual lag between the rapid rise of real incomes and its full impact on spending; and also the benign effect of continuing single-figure inflation on the real value of personal assets, by comparison with the much higher inflation rates of the mid-seventies.

The forecast of private sector investment is based on the regular surveys of firms' investment intentions undertaken by the Department of Industry and the CBI: these point to continuing growth in private industrial investment both in the remainder of 1978 and in 1979. Smaller increases, however, are predicted for 1979 than for 1978. On past experience, investment plans will be revised in the light of economic developments, particularly the growth of output, over the forecast period. The slow growth of output forecast for 1979 has led to a cautious interpretation of the enquiries: it is possible that investment may reach a peak in 1979 and begin to decline before the year end. For private investment in manufacturing a small fall is forecast between the second halves of 1978 and 1979, though there is a forecast rise of 4 per cent between the two calendar years. Distributive and service investment continues to rise throughout 1979 and a rise of 6½ per cent is forecast between the calendar years. For the rest, investment in ships and in the North Sea may decline a little in 1979; and there may be no further fall in the public sector, after a 25 per cent fall between the first halves of 1976 and 1978.

Stockbuilding in the first half of 1978 was again high. Manufacturers continued to build up their stocks of finished goods which are now considerably higher in relation to sales than a few years ago. This seems likely to be more a result of deliberate decisions than an unanticipated build up. Outside the manufacturing sector, the current strength of consumer demand is encouraging distributors to hold higher stocks. It looks as though the impetus of stockbuilding to demand is now over, and that the rate of increase in stocks will be slowing down after the first half of 1978.

The forecasts of public expenditure provide for a full allocation of the contingency reserve and allow for continuing shortfall. For general Government expenditure on goods and services the forecast is for an increase of 2 per cent between the second halves of 1978 and 1979, with investment steady and consumption continuing to rise moderately.

Prices

Inflation in 1978 benefited from the comparatively low pay increases in the 1976-77 pay round. It also benefited from the appreciation of sterling at the turn of the year, low food and commodity prices, reductions in the mortgage rate, and from the fact that expenditure tax rates were not increased. As a result the inflation route (as measured by the increase on a year earlier in retail prices) came down from 13 per cent in the fourth quarter of 1977 to 7½ per cent in the second quarter of 1978. Hence inflation has recently been running below the current rate of pay increase by an exceptionally large amount. In the 1977-78 pay round there was a larger increase in wage costs than in the previous round; because of this, and because the factors benefiting prices in 1978 are likely to have a smaller impact (or, in some cases, to be reversed) the inflation rate seems likely to edge up a little, reaching between 8 and 9 per cent in 1979. As a consequence of pay policy a lower growth of earnings is assumed from now on: part of the benefit will be felt in 1980, beyond the end of the forecast period. Keeping inflation within single figures is critically dependent on this lower growth of earnings.

Trade and the current balance

Despite quite fast growth in the U.S. over the past year, growth in gross national product (GNP) for the main OECD countries taken together is continuing at only a modest rate: probably about 3½ per cent in 1978, much the same as in 1977. A similar rate may persist into 1979. Both in 1977 and so far in 1978 the estimated growth of world trade in manufactures has been surprisingly low in relation to economic activity. It is assumed that the usual tendency for trade to grow significantly faster than GNP is re-established. While for 1978 it seems that UK-weighted trade in manufactures will have grown by no more than 4 per cent, a growth of 7 to 8 per cent is forecast for 1979, partly reflecting the shift in the composition of GNP growth towards the smaller and more open economies.

In 1978 UK exporters seem to have maintained nearly all of the higher share of world trade in manufactures they captured in 1977. In 1977 export volumes rose by 8 per cent and a further rise of about 2½ per cent seems likely in 1978. With the faster growth forecast for world trade in 1979 some continued benefit from past gains in cost competitiveness, and the likelihood that the UK's trend loss of share is slower than it was. UK exports of manufactures are forecast to rise 6 per cent in 1979, with a similar figure for the volume of exports of goods and services.

Total import volumes have moved erratically, but quite strongly upwards over the past 18 months. Comparing the first three quarters of 1978 with the same period a year earlier, imports of goods rose 7 per cent: this included a rise of 14 per cent in imports of manufactures, and small falls in imports of fuel, food and basic materials. The forecast allows for import penetration of manufactured goods to increase further. Difficulties in assessing import performance make the forecast particularly uncertain, but it seems likely that total imports of goods and services in 1979 will grow a little more slowly than in 1978 —by 6½ per cent following 7 per cent. Almost all the rise in 1979 is likely to represent higher imports of manufactures.

After a major improvement in the UK terms of trade up to the first half of 1978, no great change is expected over the forecast period. The invisible surplus declined between 1976 and 1978, as a result *inter alia* of increasing transfers to the EEC, and a substantial deterioration in the interest, profits and dividends account. Not much change from the level in the first half of 1978 is expected in 1979.

In total the current account may remain close to balance in 1979, with a deterioration in the volume of net trade in manufactures being offset by rising oil production. It should be noted that the margins of error on the current account are potentially large: errors of a billion pounds are liable to occur in either direction in the second half of 1979.

Public Sector Borrowing Requirement

The Public Sector Borrowing Requirement (PSBR) in the current financial year is forecast at £8bn. At this stage of the year there are still major uncertainties about many important elements in the accounts, including the level of tax receipts from companies and borrowing by public corporations and local authorities. As a proportion of GDP at market prices, the PSBR in 1978-79 may be about 4½ per cent. Little change in this proportion seems likely in 1979-80, though the absolute size of the PSBR is forecast to rise slightly to £8½bn. The likely margin of error is probably some £2-£3bn.

Margins of error

The tables set out forecasts of the UK economy to the end of 1979. These are central estimates, based on the policy assumption outlined above, but it must never be forgotten that the precise numbers in the tables are at the centre of large ranges. Errors will arise from imperfect measurement of the economy; from incorrect specification and estimation of economic relationships; from mistaken judgments about factors not allowed for in these relationships—quite apart from the possibility of changes in government policies.

Assessing margins of error is notoriously difficult, though the use that can be made of forecasts must depend on some such assessment. There are always factors special to particular forecasts: in this case the difficulty of working with both 1970-based and 1975-based constant price magnitudes. As a result, the forecasts of demand and output, but to a much lesser extent current price variables, are liable to greater error in this forecast. In general, a crude guide to the margins of error is given by averages of the errors in previous official forecasts. These are set out in Table 3 and some of the complications explained in the accompanying technical note.

The average error in forecasting output one year ahead was 2 per cent, much the same as the forecast increase in output over the next year, and appreciably more than the estimated impact of most budgets.

Table 1: ECONOMIC PROSPECTS TO END 1979

	2nd half 1977 to 2nd half 1978	2nd half 1978 to 2nd half 1979
	percentage changes	
A. Output and expenditure at constant 1975 prices		
Gross Domestic Product (at factor cost)	3½	2
Consumers' expenditure	5½	2½
General Government expenditure on goods and services	1½	2
Other fixed investment	6	2
of which		
Private sector manufatcuring	15	−2½
Export of goods and services	3½	5½
Stockbuilding (as per cent of GDP)	0	0
Imports of goods and services	11	6½
Manufacturing production	2½	1
B. Balance of payments on current account	1978	1979
	£ billion	
1st half	−¼	0
2nd half	0	−½
C. Public Sector Borrowing Requirement (percentage of GDP at market prices)	1978-79	1979-80
	£ billion	
	8 (4½%)	8½ (4½%)
D. Retail Price Index	4th quarter 1977 to 4th quarter 1978	4th quarter 1978 to 4th quarter 1979
	percentage changes	
	8	8½

Maintaining the balance between left and right

SHADOW CABINET RESHUFFLE

BY ELINOR GOODMAN

IN RESHUFFLING her Shadow Cabinet yesterday, Mrs. Margaret Thatcher seems to have been at pains to maintain the existing balance between left and right.

If the balance has shifted fractionally, to the left, it seems to have been more by accident than by a deliberate design to appease the Heathites in the party.

Of those promoted yesterday, only Mr. John Biffen has been consistently labelled a right-winger. But such a label is to over-simplify his very independent brand of conservatism.

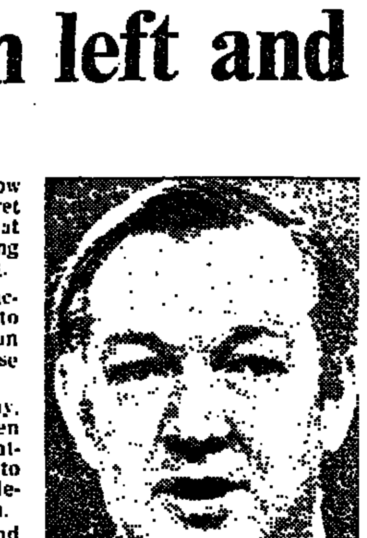
A long-time monetarist and anti-marketeer, he was once seen as being an acolyte of Mr. Enoch Powell. He would probably still advocate a tighter monetary policy than the Shadow Chancellor, Sir Geoffrey Howe, but he has very little interest in the other traditional right-wing issues such as Rhodesia.

Since he resigned from the Shadow Cabinet for health reasons in February of last year, he has gone round delivering a series of carefully thought out speeches which suggest that he thinks that it is more important to stimulate thought within the party than toe the official line.

Only two weeks ago he attacked the proposed European monetary system on the grounds that it was a contradiction of basic Conservative principles.

Even while not an official member of Mrs. Thatcher's shadow Cabinet, he has had considerable influence on his leader—and easier access to her than some of the official shadow Ministers.

By making him the shadow Minister for small businesses and self-employed, Mrs. Thatcher has effectively appointed him as shadow to Mr. Harold Lever, Chancellor of the Duchy of Lancaster, who has exactly the kind of flexible brief in Mr. Callaghan's Cabinet that Mr. Biffen would probably like most in a Tory Government.



Mr. Mark Carlisle

As it is, his influence on Tory policies will probably be greater than his official job specification suggests.

His return to Mrs. Thatcher's official fold will once again raise the possibilities that Mr. Biffen could be a candidate for the job of Chancellor in a Tory Administration.

In the same way, the confirmation that Mr. Francis Pym will take over as shaadow Foreign Secretary cements his reputation as one of the men who might succeed Mrs. Thatcher as leader.

During his period as the man charged with the delicate task of presenting the Tories' policy on devolution, Mr. Pym has challenged Mr. William Whitelaw as the flag bearer of those in the centre of the party.

Like Mr. Whitelaw, he is perhaps too nice a man to make the very top but he is greatly respected as a Parliamentarian by his colleagues and a better performer in the House than Mr. John Davies who had to resign as shadow Foreign Secretary because he was ill.

Mr. Pym's responsibilities as Shadow Leader of the House will be taken over by Mr. Norman St. John-Stevas who will also continue to be responsible for the Arts.

A moderate, with one of the most elegant and witty speaking styles in the House, he was one of the first members of Mr. Heath's Cabinet to publically to support Mrs. Thatcher

But even his enthusiasm for his new leader is edged with the kind of sarcasm which makes him such good value as a speaker.

By moving Mr. St. John-Stevas from Education, Mrs. Thatcher has defused one of the most uneasy relationships at Westminster—that of Mr. St. John-Stevas and his deputy, Dr. Rhodes Boyson, which has sprung from their very different views on comprehensive education.

Dr. Boyson, an ex-headmaster, will clearly be disappointed that he has been passed over for the Number One job at Education.

Instead, the job has gone to Mr. Mark Carlise, a liberal who was Under-Secretary of State at the Home Office for two years during the Heath Government.

Now that the devolution legislation has been completed, Mr. Leon Brittan, another up-and-coming intellectual from the centre of the party, has been appointed an additional spokesman on employment.

Mrs. Thatcher has decided, however, not to replace the two junior spokesmen Mr. Winston Churchill and Mr. John Biggs-Davison — whose jobs became vacant last week after their refusal to toe the party line over Rhodesian sanctions.

Instead, promising backbenchers will probably be given an opportunity to speak from the front bench on defence and Northern Ireland when the need arises.

Peers told of 'Quango danger'

THE EXTENSIVE, powerful and uncontrolled world of Quangos—Quasi—Autonomous Non-Governmental Organisations—needs to be investigated, Baroness Young (C) urged in the Lords.

She predicted 1,000 Quangos within 10 years—but they were undemocratic and not subject to Parliamentary control.

"The real danger is that we are being driven to accept the establishment of Quangos as a way of Government.

"They are taking power away from elected representatives and giving it over to the Executive in a secret way."

Many of their members received more pay than an MP, or even a Cabinet Minister, Baroness Young added.

Liberal peer Lord Evans of Claughton blamed the Quango explosion on successive Tory and Labour Governments which he said, had carried out programmes of social engineering outside direct Parliamentary or local government control.

He called for closer scrutiny of Quangos with the aim of reducing their number.

Baroness White (Lab) part-time chairman of the Land Authority for Wales, defended her particular Quango, which she said made considerable profits.

Some appointments may have been ill-judged, but on balance they were made with a view to the public good. "I would have thought there was very little genuine political jobbery."

Jackson accuses unions

THE TRADE union movement has lost its way, Mr. Tom Jackson, TUC chairman said in a bitter speech attacking opponents of Government pay policy yesterday.

Addressing a Press Gallery luncheon, Mr. Jackson forecast "problems" this winter and "some sort of stoppage" in the local government manual sector and the health service ancillary sector. His criticisms came after Tuesday's TUC General Council decision on the proposed agreement on pay and prices.

"I don't believe that each trade union is an island that each trade union has a God-given right to 30, 40, or 50 per cent. Rapacious prosecution of self-interest is nothing to do with trade unionism.

"The British trade union movement, as expressed in the decision on Tuesday, has begun to forget where it came from and where it is going," Mr. Jackson went on.

At times during his speech, Mr. Jackson was heckled by Mr. Eric Heffer, Labour MP for Liverpool Walton, who suggested Mr Jackson was aiming for a seat in the House of Lords.

"Yesterday, we saw what happens when you idolize in common denominator politics," Mr. Jackson continued.

"As someone who was totally and absolutely impartial (he was chairman), I begin to get more and more worried about some of the things being said.

"I grow tired of those who claim to be socialists—those who claim to have some vision of a more equal society, and at the same time demand the right to get not just their share, but as much as is going for their particular members.

"If that's trade unionism, it's not what I joined for. If that's socialism, I'll eat my hat."

House catering overdraft

THE OVERDRAFT on the House of Commons bars, cafeterias and restaurants rose by nearly £500,000 last year to £1,827,627, Mr Michael Foot, Leader of the House, said yesterday. Interest charges were £219,000 a year or £600 a day.

FORECASTS OF EXPENDITURE, IMPORTS AND GROSS DOMESTIC PRODUCT

£ million at 1975 prices, seasonally adjusted

	Consumers' expenditure	General Government expenditure on goods and services: Final consumption	Fixed investment	Total	Other fixed investment	Exports of goods and services	Stock building	Total final expenditure	less Imports of goods and services	less Adjustment to factor cost	Statistical adjustment	Gross domestic product at factor cost	GDP index 1975 = 100
1976	63,300	23,400	4,700	28,100	15,800	29,400	250	136,850	30,200	10,850	−400	95,400	102.9
1977	62,750	23,300	3,850	27,150	15,900	31,350	1,050	138,200	30,300	10,800	—	97,100	104.8
1978	66,100	23,800	3,600	27,400	16,850	32,450	950	143,700	32,300	11,300	−150	99,950	107.9
1979	67,950	24,150	3,700	27,850	17,200	34,400	600	148,000	34,500	11,600	−400	102,300	110.5
1977 First half	31,100	11,600	2,000	13,600	7,800	15,400	800	68,750	15,400	5,350	+250	48,250	104.2
Second half	31,650	11,700	1,850	13,550	8,050	15,900	250	69,450	14,850	5,450	−300	48,850	105.5
1978 First half	32,750	11,900	1,750	13,650	8,300	15,900	700	71,250	15,850	5,600	−350	49,450	106.8
Second half	31,650	11,700	1,850	13,550	8,050	15,950	250	72,450	16,450	5,700	+200	50,500	109.0
1979 First half	33,850	12,000	1,850	13,850	8,500	16,950	300	73,450	17,000	5,750	+200	50,900	109.9
Second half	34,100	12,150	1,850	14,000	8,700	17,450	300	74,550	17,500	5,850	+200	51,400	111.0
Percentage changes													
First half 1977 to First half 1978	5½	2½	−13½	0	6½	3		3½	3	5		2½	
Second half 1977 to Second half 1978	5½	2	½	1½	6	3½		4	11	4		3	
First half 1978 to First half 1979	3½	1	5½	1½	2½	7		3	7½	3		3	
Second half 1978 to Second half 1979	2½	2	−1	2	2	5½		3	6½	3		2	
First half 1978 to Second half 1979 (at Annual Rate)	3	1¼	4	1½	3	4½		3	7	3		2	

Because of rounding half-year totals do not always sum exactly to the annual figures or the components of expenditure to total final expenditure.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● POWER

Protects engines from rust

WATER IN diesel fuel is a major cause of damage and failure of fuel injection equipment. Because tolerances inside pump and injectors are measured in microns, corrosion caused by water remaining in the injection system quickly results in damage to and possible seizure of the equipment. Where equipment receives little preventive maintenance, and a casual approach to fuel storage results in contaminated fuel, the cost, both in repairs and plant downtime can be considerable.

Lucas CAV has a new water/diesel separator—the Waterstop—in which the separated water itself is used to shut off the fuel supply to the engine, preventing water reaching vulnerable components.

This gets over the problem that, however good existing preventive equipment may be, it needs regular servicing to be effective.

Waterstop is based on the CAV Sedimentor, which relies on the different specific gravities of diesel fuel and water to effect separation. The device is positioned in the fuel line, close to the fuel tank.

The filtration cone of the unit diffuses fuel over a large area giving slow, even flow and allowing water—which has a higher specific gravity than diesel fuel—to be removed by a process of sedimentation. Water collects in the bowl of the Waterstop, which is made of clear plastic to allow visual inspection of the water level. As the level of the water rises, a float incorporated into the bowl also rises—its specific gravity being less than that of water but greater than that of diesel fuel.

When water collected in the bowl reaches a level where draining is imperative, the head of the float contacts a valve seat in the fuel outlet and cuts off the fuel flow, shutting down the engine before water can overfill the bowl and reach the pump or injectors. Once the shut-down has been effected the operator merely drains the water out through a drain tap at the bottom of the bowl. Releasing a second tap at the top allows the float to drop back, and the system can be primed up.

Waterstop units are made in the Lucas CAV production centre at Sudbury, Suffolk, and are available from CAV Parts and Service through all UK agents. The Waterstop "S" the first model is priced at £10 plus VAT and can be fitted to most machines in less than an hour.

Waterstop is particularly suitable for applications where no serious consequences might result from sudden engine cut-off, such as stationary plant and site equipment. Much of this type of plant is used on hire, and tends to operate with little day-to-day maintenance in circumstances where water contamination of diesel fuel is all too easy and common. For example, compressors, pumps, generating sets, and concrete-mixers all fit into this category.

Further details from Lucas CAV, POB 36 Warple Way, London, W3 7SS. 01-743 3111

● OFFSHORE INDUSTRIES

Plotting under the North Sea

PIPELINE FAILURES in the North Sea can cost as much as £3m to repair, without counting what pollution from escaping oil can involve in expenditure on containment and decontamination.

Yet, because the operating environment is so harsh and so little is known about conditions hundreds of feet below the sea, breaks are inevitable and are likely to be more frequent as time goes by.

A major reason for this is that in the rush to develop resources, corners were cut — often unwittingly—and the price has to be paid.

It is not well understood yet that in some areas of the North Sea there are huge patches of deposits which are little harder than toothpaste—but can be 80 to 100 feet thick. Underlying them there can be deep beds of clay not so stiff as the well-known "London Yellow" clay.

It follows that anchoring and/or bedding-in the drilling and production rigs can be a civil engineering nightmare.

The need for a thorough and detailed seismic work, such as that provided by Bliksem Geophysical Services, prior to rig site selection, is obvious. This group, which has 40 expert staff covering disciplines from marine geophysics to biology and oceanography, already has 107 jobs under its belt though it was not formed till 1976. Many of these were in the North Sea; but the company has also operated in Brazil, the Bay of Biscay, Ivory Coast, Iran, the Mediterranean and Pakistan.

It is using the latest equipment available to establish rig and pipeline positions beyond peradventure. Satellite navigation and positioning equipment can give fixes to within a few feet—important when the precise boundaries of a very large oil reservoir have to be determined.

Side-scan sonar can give some remarkable pictures of undersea objects — well-heads, uncharted wrecks and, most recently, the huge gouges torn out of the sea bed by the anchors of vessels such as lay barges. These can be up to 8 ft deep and some 50 ft long.

One aspect of the group's seismic work, which is assuming very great importance, is the detection of gas pockets which often occur at a few hundred feet depth, not necessarily associated with a gas or oil reservoir. The scans can show the depth and area of these pockets which drill rigs must avoid at all costs.

Several rigs have been lost because they penetrated a shallow pocket which contained large amounts of gas at extremely high pressures. The resulting uncontrolled blow-out was followed by ignition of the gas and rig collapse.

Another important job the group does is to determine whether pipelines have actually been laid in the trenches prepared for them. The importance of pipe burial is underlined by the preceding note about the depths to which anchors can penetrate the bed. And if the pipe happens to have been laid skew across the edges of the trench considerable stresses can be set up.

Work carried out in one particular area of the North Sea has shown the presence of a deep trough—probably created by a river draining glacier melt-off during the last ice age—with sharp sides, exactly where one of the legs of a platform should go for most economic siting.

The danger of sticking to the site and building up a "long leg," so to speak, is that some types of marine deposit are sensitive to vibration and show thixotropic properties such that they could flow away from leg foundations possibly creating instability.

Because of the chapter of accidents around British coasts, the group is likely to become still more involved in environmental work than at present, particularly as the major pipelines are linked to on-shore installations.

In this, the studies of the Norfolk coast and of oil spill characteristics, the latter carried out for the OECD, will serve as an important precedent.

Meanwhile it is sad to record that no agency exists within the EEC to co-ordinate and disseminate the information now accumulating on undersea conditions in the North Sea and the western approaches despite the importance of the Continental Shelf to the future existence of the European Community as a whole.

Bliksem Geophysical Services, Baltic House, 35, South Quay, Great Yarmouth, Norfolk, NR30 2RG. 0493 59634.

● METALWORKING

Cuts and bends tubes

A SAWING installation that will cut round, square and rectangular tube, is especially easy to set up — nearly all adjustments being made with a single allen key against graduated scales — says Addison Tool Company, Westfields Road, Acton, London W3 0RE (01-993 1661).

The machine is called the Self Brown and can be programmed to cut stock lengths of tube into two different component lengths, automatically working from a bundle of random lengths.

Because of its facility to cut each tube into a number of long and short pieces, says the company, this permits customers to plan their output to achieve maximum material utilisation.

To ensure repetitive cut length accuracy, sensors automatically reduce the material infeed rate shortly before contact is made with the length gauge, so that final contact with the length stop is made without unnecessary force.

Both ferrous and non-ferrous tube can be processed, and output rates up to 1,500 components per hour are possible.

Also announced is the company's Powerbender III mandrel type tube-bending machine. This is aimed primarily at companies undertaking in-house tube manipulation for the first time, but is said to be ideal also for anyone requiring batch production or a back-up for mass production machines.

Maximum capacity is 50mm, and the powered head is arranged for left- or right-hand bending.

● MATERIALS

Flat glass for circuits

MORE COMPLEX circuitry is being achieved all the time by producers of semiconductor integrated circuits who use projection printing techniques that rest on high precision photomasks.

To help avoid ruinous defects in masks that would carry through to finished devices, these masks must be flat and exhibit a low thermal expansion, among other properties.

Corning, supplier of mask substrates, reports a flatness capability of 2.5 microns over a surface more than 10 centimetres in diameter, using a glass composition with a minimal thermal coefficient of expansion.

The flatness specification of 2.5 microns is equivalent to making a 100-metre square mirror that is flat to within 2.5 millimetres from side to side.

The expansion parameter means that if the 100-metre mirror were heated one degree Centigrade, its 100-metre length would not increase more than 4.6 millionths of one metre.

Made from the company's Code 7059 borosilicate glass, the substrate is nominally alkali-free and can be ground and polished with virtually no surface imperfections but still meets flatness specifications.

These characteristics reduce possible defects that might be induced by the substrate in whatever film, such as chrome, is used for a mask pattern. Migrating alkali ions, for example, can cause "pinhole" defects in a mask when using a substrate that is not alkali-free.

Corning Glass Works, Corning, New York 14830, U.S.

● COMPONENTS

Fire finder on a chip

AVAILABLE from National Semiconductor is a fire detector kit consisting of the one picoamp field effect transistor NS5301 as the sensing element and an integrated circuit, newly introduced, containing the necessary detection circuits.

For use in ionisation smoke detection systems, the kit will sell, in OEM quantities, for about 50p.

The company says that rather than integrating all the functions that anyone might ever need on a chip it has instead reduced the cost and increased the reliability by incorporating only the essentials: comparator and amplifier circuits, low battery level detection and the oscillator and bias circuits.

National is at 301 Harpur Centre, Horne Lane, Bedford MK40 1TR (0234 211262).

● PERIPHERALS

Agile head on printer

TWO NEW machines from Decision Data Computer, the 3240 key send-receive printing terminal and the 6540 receive only serial printer, make use of a microprocessor to improve the agility of the 9 x 7 matrix printing head.

The machines print in both directions under program control, eliminating the time lost in carriage returns. Improved speed is also available through the use of horizontal and vertical tabs under micro control, and the head can also skip immediately to a text start point and pass quickly over unused spaces. Resulting print rate is over 120 characters/sec.

Standard pin-fed or single multi-part forms ranging from 2½ to 15 inches in width can be handled and theprintlines,spaced handled and the print lines, spaced vertically at six lines per inch. Both machines have plotting ability and are described by the company as "extremely quiet" in operation.

Corrie House, 48 London Road, Staines, Middlesex (Staines 59455).

● WELDING

Smooth power supply

RECTIFYING electrical supply units in four sizes suitable for hand welding, tungsten inert gas (TIG) welding and some ancillary functions are available from ESAB AB.

By adding a gouging (metal removal) torch for example, the two larger models can also be used for air/arc gouging, a technique increasingly used for weld preparation, fettling (cleaning up) of castings and the cutting of steel reinforcement rods in concrete.

The four units have maximum welding currents of 250, 400, 630 and 800 amps and can be supplied as mobile units with a choice of twin solid rubber or pneumatic tyred wheels, or a four-wheeled articulated chasis.

Current setting is stepless and thyristor controlled, allowing adjustment even during welding. A balanced starting surge coupled with a relatively high open circuit voltage (65 to 80 volts) simplifies striking and re-striking of the arc. Automatic current adjustment deters electrode sticking and allows easy parting should it occur.

More from ESAB, S-402 70 Gotenborg, Sweden.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● INSTRUMENTS

Easy grain water test

ONE OF the problems with the measurement of moisture in grain is the need to make corrections for the temperature of the product, which might be quite high as it leaves a dryer for example.

In the past this has meant modifying the readings from charts after taking temperature measurements, but now the company has devised Grainmaster III which does away with charts, sliding scales and thermometers, producing a direct reading in less than 15 seconds, the time taken for the sample to stabilise in temperature while it is being compressed using a constant pressure device. The instrument then takes a conductance reading at a known temperature and standard compaction conditions.

In addition a new flush mounted, fixed, electrode system enables the working surfaces to be easily kept clean and dry under site conditions.

Protimeter Grainmaster III measures moisture between 9 and 39 per cent at temperatures *between zero and 50 deg C.* Its dimensions are 200 x 160 x 175 mm and the weight is 850 grams.

Meter House, Fieldhouse Lane, Marlow, Bucks., SL7 1LX (06284 72722).

Pocket unit does many checks

POCKET-SIZE electrical testing instruments to replace large equipment which needs to be installed in laboratories or carried to site have been developed in Israel. The two instruments do not need power from the mains and are so simple and inexpensive that they can be used by professionals and by householders.

The first, the Poli-Tester, is a multi-purpose probe with a range of uses from continuity testing, neutral and ground testing, bi-polar discrete device testing, to tension detection from 5 to 500 volts.

The second, the Combi-Sensor, is a sister product with a built-in sensor which detects ac and fluctuating dc tensions without direct contact with the source, even through insulating coatings.

It will sense grounding defects of electrical equipment and appliances, as well as electromagnetic fields.

Both instruments are independent of leads and cables as they do not operate on the mains. Answers are given by sight (lamp) and sound (buzzer).

Production has just begun at Pama Products, Kibbuts Mishmar Hanegev, Mobile Post, Hanegev, Israel.

One package gives noise exposure

INTENDED SPECIFICALLY to serve the new industrial safety committees and others responsible for the health and safety of industrial workers, the CEL-183 noise monitor from Computer Engineering will provide a complete noise survey capability in one package.

This instrument performs the functions of the traditional sound level meter, but also calculates equivalent continuous noise levels.

It provides, simply and clearly, a result that can be compared directly with the Health and Safety At Work Act recommendations without extrapolation or calculation and to an accuracy that satisfies the relevant BS, IEC and ANSI standards.

The recommendations lay down an upper limit for noise exposure as 90dB(A) for eight hours. By using this new integrating sound survey meter to check any area thought to be potentially hazardous, the maximum exposure of any employee working in that area can be easily determined.

In the past it has been necessary to employ a sound level meter and a noise dose meter to achieve these results.

CEL-183 can, when required, be operated as a conventional sound level meter and provide measurements of the instant variations in the noise pattern as it occurs. Simultaneously, the meter will calculate equivalent continuous noise level throughout the monitored period so that when it is switched, the latter result will be immediately available as well.

Computer Engineering, Wallace Way, Hitchin, Herts, SG4 0SE. 0462 52731.

● CONSTRUCTION

Window frames from Denmark

DESIGNED TO withstand corrosion and ageing is a Danish-designed plastic window frame now available in the UK from Primo Window Systems, Cannon Street House, Louth, Lincolnshire LN11 9NF (0507 2158).

The frame and casement is assembled from substantial extruded multi-chamber profiles entirely moulded in Hostalit Z which is a rigid impact-resistant plastics mixture based on PVC and chlorinated polyethylene. The frames are fitted with aluminium insertions for extra rigidity. They are available in three colours — brown, white and grey.

The company says that the special material offers high sound and weather insulation, stability, and strength. Frames made from it will not shrink or swell.

● SECURITY

Sees but is unseen

DESCRIBED by the maker, Photo-Scan, as a "discreet closed circuit television surveillance system," Videoglobe has been designed for use where appearance is important, overt operation is undesirable, and deterrence is not a factor.

Videoglobe cameras are completely enclosed in 16-inch diameter mirrored glass globes, hand blown for maximum clarity and internally coated with a mirror film. The system gives a very high definition monitor image even in areas with illumination as low as 100 lux. If required, low light level cameras can be used.

The number of cameras in an installation, areas of surveillance, fields of view and scanning modes are known only to the management of the establishment and its key personnel, and these factors can be completely re-programmed in 24 hours, if necessary.

The company says that "the discreet nature of the system, combined with its highly attractive appearance, makes it ideal for use in embassies, museums, art galleries and theatres where overt surveillance would give offence."

Dolphin Estate, Windmill Road, Sunbury on Thames, Middlesex TW16 7HG (Sunbury 89741).

● PACKAGING

Boxes made on the spot

ONE OF the packaging systems now on show at the International Packaging Exhibition in Paris, has been devised for the user who does not require more than 10 packs a minute says MacMillan Bloedel Containers, 24 King Street, Watford Herts WD1 8BP (0923 42306).

Based on the company's Compact range the latest box and tray erectors can be simply operated by semi-skilled people and, at full speed, make up to 10 boxes or trays a minute.

The machines are mobile and easily moved from one production point to another and, in most cases, can be run off a single-phase power supply.

They are at present being supplied to users in the clothing, light engineering, bakery and other food industries.

He'd never been in my car before and was obviously impressed by the deep plush seats, air-conditioning and quietness of the six cylinder engine.

"How much did it cost?" he asked, in that direct way Americans have.

I had been anticipating the question.

He had been silent since the start of the journey but it had been one of those silences that spoke louder than words.

I had seen him stroking the seat, then casually squeezing it as one might test the freshness of a loaf.

Twice he had turned in his seat to look at the back of the car and I noticed that on both occasions his returning gaze had lingered on the sun-roof above our heads.

As the car negotiated the rush hour traffic, he settled back in his seat and stretched his legs, extending his toes as if to test the leg room. A second or two later he turned to me and asked his question. We had a long journey ahead of us and I felt a little gamesmanship might pass the time.

"How much did it cost?" I echoed. "Why don't you try and guess?"

He smiled. "I've no idea how much Volvos cost."

"No, but you know how much your own car cost– if you get within £500 of the price, I'll buy dinner tonight."

He had sat up, interested in the game.

"Right," he said, "I'll need a few clues."

He took from his pocket a small notebook, beautifully bound in calf leather and a black Mont Blanc pen. He was, apparently, no stranger to quality.

"Well, the car is the Volvo 264 GLE" I began. "It's the best 4-door saloon car that Volvo make."

I felt rather vainglorious positioning it in this way, but to be fair, it seemed a piece of information he should have.

"It has a 2·7 fuel-injected V6 engine with an output of 148 bhp," I continued.

He looked up from his notebook and smiled. "It's very quiet," he said. "Very quiet."

We had by now reached the motorway and I slid my window up as we settled down to the long drive ahead.

It was a warm muggy evening and I blessed the fact that the car had air-conditioning.

"Is that an extra?" he asked as the air around us magically became cool and comfortable.

"No," I said. "It's a standard feature. I won't give you all of them or you'll get writer's cramp– but you ought to know the main ones."

He chuckled.

There was something about him that reminded me of Spencer Tracy, but I resisted the temptation to tell him so.

"The ribbed-velour seats are standard, so are the power steering, electric windows, steel sun-roof and tinted glass."

I hesitated for a moment, then went on with my list. "Metallic paint, electrically operated door mirrors, headlamp washer/wipers, tachometer, a heated driver's seat..."

He interrupted and asked me to slow down. "Not the car, just the description," he added.

The motorway was now almost empty of traffic and the evening's humidity had turned to rain.

I always enjoy driving in the rain. The Volvo sits full square on the road and one wafts past slower traffic with almost feudal disdain. Of all the cars I've owned, none has made me feel more secure on a long journey.

"I'm ready for more dictation, sir." He had put on the accent of the young Judy Holliday and I began to look forward to an amusing dinner.

"Right," I said. "Just a few more I think." He looked up, pen at the ready.

"You get stereo speakers in the front doors, sun blinds on the rear window, head restraints on the rear seats, lights in the engine, glove box and boot, a clock, cigar lighter, radial tyres, fog lights, etc. etc. etc."

I delivered this last inventory in one breath and after a while he gave up the attempt to write them down.

"I get the picture," he said. "It's a very well-equipped car."

"Do you want to make a guess at the price?" I asked.

"Just two more questions," he said. "I assume you're talking about the price for the automatic model?" I nodded.

"And I'm taking for granted that all the usual Volvo safety features are built in."

"All present and correct," I answered.

He screwed up his face as if pained by the process of thinking. He felt the seat again; needing it seemed, a final confirmation of quality.

"Okay," he said. "I'd say you couldn't get this package for less than £11,000."

It was difficult to keep the satisfaction out of my voice.

"It costs £8,492," I replied.

He was silent for a moment, but only for a moment.

"You can still buy me dinner," he said. "If that's all you paid for this car, you can afford to."

I couldn't argue with him. The Volvo 264 GLE.

VOLVO 6 CYLINDER PRICES START AT £7362 (DELIVERY AND NUMBER PLATES EXTRA). FOR THE 1979 EDITION OF 'VOLVO FACTS,' WRITE TO: DEPT. FT02, VOLVO CONCESSIONAIRES LTD., LONDON W13 9JQ. SALES TEL: HIGH WYCOMBE (0494) 33444. SERVICE TEL: IPSWICH (0473) 72026. PARTS TEL: CRICK (0788) 822131.

THE JOBS COLUMN

Attendance bonuses can be an ill windfall

BY MICHAEL DIXON

SURELY I can't be the only hoary-headed employee whose mind is reeling at the recent denunciations of attendance-bonus schemes, of the type proposed at Ford Motors, as "immoral" and "exploitative."

The long established practice of offering extra money to encourage good timekeeping and continuity of work, seems far too ordinarily human to fit such haughty terms.

Perhaps, as employers are saying, people *should* honour their moral obligation to go to work regularly and on time as part of the service they provide in return for their normal pay. But the practical fact is that some of them don't.

Perhaps, as trades unionists are saying, such schemes *could* result in a worker's being penalised for a breach of the rules which arose by accident: for example, through being delayed by traffic. But that is a flaw which marks virtually all rules which entail penalties for those who break them.

Goodness knows what would have happened if, before acting to discourage undesired behaviour, human societies had waited until they could formulate laws which of themselves automatically exempted from penalty any offence which was accidental rather than foreseeable. It may be significant to the trades union objectors that the natural rule held up by Karl Marx as a model for regulations governing human behaviour, was the law of gravity. Try breaking that, first accidentally and then deliberately, and see if there's any difference in the results.

As it happens, man-made rules are usually more benevolent in that they stipulate certain circumstances as qualifying for exemption from penalty, and leave room for adjustments in the light of experience. Which, in practice, was the case with the various attendance-bonus schemes I have come across over the past 25 years or so.

Start early

If being congealed in a traffic jam was not among the stipulated exemptions, people plagued thereby could press for their disadvantage to be included. Meanwhile, however, the car-going fraternity who wanted their punctuality payment could always leave home a bit earlier.

All this is sadly less than perfect, it is true. But such is the way of the world in general, and of attendance-bonus schemes in particular. Nor can I see any sense in trying to deny it by idealistic arguments based on ethical and political philosophy.

The only sensible question is whether or not such devices work so as to ensure the extra degree of promptitude and continuity of work desired by the employer. And my experience, at least, suggests that the answer is no.

Take for example the scheme at the Manchester manufacturing company where I worked 20 years ago as a sales correspondence clerk. As far as I can remember, my basic pay was £10.37½ for a five-day week. But for arriving by 9 am each day, I was rewarded with an extra 12½p, raising the weekly total by 62½p to £11. The full bonus was therefore 5.7 per cent of my gross, which is apparently rather more than the percentage proposed at Ford Motors.

As for penalties, provided one was late no more than two mornings in any week, the only sacrifice was the 12½p for the day of arrival after 9 am. But three days of lateness was enough to lose the entire bonus.

What, apart from illness or catastrophe, were the legitimate exemptions of that scheme, I neither knew nor cared. Having no car, and living 18 miles away, my only way of getting to work when I joined the company was by rail.

Arriving by 9 am meant getting up at five past seven to catch the 7.33 which, with the aid of a lift from the exemplary sales manager, got me into the office ridiculously early at 8.30 am. Nevertheless, since the next train would have got me in ridiculously late at 9.30, I achieved the above dawn start every day for my first four months with the company and in the pre-work half hours became probably one of the best desk-top football players of the age.

Then temptation set in. A man who lived across the road changed jobs to work with a company roughly two miles distant from mine. He had a car and started out at 8 o'clock, and was happy to provide a lift in return for a contribution to the running cost.

This alternative means of travel offered me a precious extra half hour in bed. But it left me two miles short of my destination with at most 20 minutes before the factory gate became blocked by the uniformed keeper who with merciless eye and indelible pencil, recorded the names of all latecomers.

Breathless

By legging it quarter of a mile from my friend's factory to the main road, catching a bus, and then running a further 660 yards I could, if all conditions were favourable, scrape past the closing gate. But the chances of doing so were 50/50 at best.

Nevertheless, I decided that the extra half hour's lie-in was worth the breathless risk. So for the remaining two months before I left for another job, I never again drew my full week's attendance bonus, and only rarely received any of it at all.

Nor was I the only person in my section whom the bonus failed to beguile. The timekeeping record of a colleague called Vernon was even more blotchy. But he was not a fellow lie-abed. He was up sharp at seven every day. His weakness was—in his own phrase—that having risen, he "just dawdled." And he valued the dawdling at more than 5 per cent of his gross potential earnings.

So in spite of the bonus, which must have cost quite a lot to administer, two out of about a dozen people in my section could not be relied on to turn up on time. Which surely signifies that the secheme was unsuccessful.

On reflection, I think that the fundamental flaw was that, whereas the threat of the sack for lateness would have got me, at least, to work on time almost always, the conditional payment enabled me to make an economic decision about the value of my early-morning indulgences. And since even 10 minutes lie-in is a luxury to a dedicated sleeper, I doubt that Ford can expect to achieve any profitable increase in promptness and regularity by a bonus of about 5 per cent, especially if the supplement is to be taxed.

Given that sterner discipline for offenders is no longer enforceable, the inducement of a worthwhile improvement in timekeeping and continuity would surely require a conditional payment representing a mugh higher proportion of potential earnings. Which in itself might run an employer into difficulties of another kind.

There is some evidence from research studies that supplements for incidentals such as punctuality and long service, tend to be viewed by employees as quite different from the pay they receive for their real work. In consequence, if the incidental payments are allowed to represnt a relatively significant share of total earnings, workers can soon come to feel that their serious labours are badly rewarded.

Mayhem

An example is the mayhem that broke out a few years ago at a big works near Liverpool. Faced by high labour turnover, the managers added a generous long-service bonus. The turnover rose. They added a further loyalty bonus. Turnover rose again. They kept on piling more into incidentals, and soon the turnover was nearing the point where the factory would have needed casino croupiers to deal with the two-way torrent of National Insurance cards.

So they called in research experts from Manchester Business School who traced the exodus to mounting dissatisfaction with basic pay, which sent the workforce chasing after higher basics elsewhere, even though the total potential earnings were lower.

All in all, therefore, it may be that in the matter of attendance bonuses the management and unions of Ford are struggling over an ill windfall that would nobody any good.

Financial Controller

Newly established UK company

A leading Japanese corporation has recently formed a new UK subsidiary to import a range of high quality electronic equipment and to sell this to domestic and industrial markets. A young financial controller is now required to join the newly established management team.

Reporting to the Managing Director, the financial controller will primarily be responsible for developing the accounting function within the UK company. This will entail setting up new systems and procedures and providing information for management relevant to the company's business and projected growth. Because the company is in the early stages of development, the financial controller will also have specific executive responsibilities including administrative and secretarial work and advising on issues of a general management nature.

The need is for a qualified accountant, experienced in systems development (including computer applications), with a commercial outlook and a flair for administration. Age: early thirties.

Remuneration: up to £9,000 plus car and other benefits. Location: South Hertfordshire.

Please write in confidence to F J F Hall (Ref 218F).

Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX TMcL

SCANDINAVIAN BANK LIMITED

We require a Norwegian Manager who must be an experienced international banker to participate in developing the bank's business in the Norwegian market.

Responsibilities will include the marketing of the bank's services in Norway to industrial and commercial companies, as well as building-up and maintaining an ongoing relationship with customers in the public, private and financial sectors and with other institutions.

The successful applicant will be a graduate between 30 and 40 years of age and must be able to conduct business in both English and Norwegian and have a very thorough knowledge of Norwegian industries, commerce and finance.

A sound knowledge and experience in Euro-currency lending and its back-up procedures is essential, together with the ability to assess accurately credit risks.

Further information relating to this vacancy can be obtained from Peter A. Simonsen, Assistant General Manager, Norwegian and Shipping Department (01-709 0565).

An excellent salary and the normal fringe benefits appropriate to a manager's appointment in an international bank will be offered to the successful applicant.

Applications and detailed C.V. should be forwarded to:

H. E. Child, MBE
Personnel Manager
SCANDINAVIAN BANK LTD.
36 Leadenhall Street
London EC3A 1BH.

YOUNG FINANCIAL ANALYSTS

Hayes, Middlesex — neg. to £9,000

A subsidiary of a large U.S. corporation, our client, which is engaged in the manufacture and marketing of an extensive range of specialist products has an exceptional record of sustained growth in a competitive market sector.

To assist in the monitoring and planning of the company's growth throughout Europe, the company now seeks to recruit two Analysts, to join a highly motivated function. Responsibilities will be broad, and the successful candidates will have an excellent opportunity to develop sophisticated analytical skills in a demanding environment.

Candidates for this appointment will be qualified accountants or business graduates, with around 18 months post qualifying experience in industry or commerce. Able to communicate at all levels, candidates should have a strong personal presence coupled with the commitment to succeed, and the ability effectively to interpret and react to financial information.

Success in this appointment will lead to prospects for advancement in either a financial or general management appointment.

For more detailed information and a personal history form please contact either Nigel V. Smith, A.C.A., or Peter Dawson quoting reference 2304.

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Management Accountant

Watford — c. £8,000 + car

This position arises from the growth and development of a division within a major U.K. transport and related services corporation.

The division, which controls several individual subsidiary companies, is following a profitable growth path through both organic development and by acquisition.

As Management Accountant, you will participate in a broad range of financial activities covering cash management, budgetary controls, investment appraisals, acquisition proposals, corporate financial structures and first-hand guidance and assistance to subsidiary companies.

This is a senior appointment and you will be expected to make a major contribution to the development of the division. Prospects of career development within the corporation are excellent.

Candidates should be qualified accountants with at least 3 years' post qualification experience in industry/commerce, preferably with an M.B.A.

Ref: A8892/FT

REPLIES will be forwarded direct, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

COMMISSION FOR RACIAL EQUALITY

EXECUTIVE OFFICER — FINANCE

The Commission for Racial Equality has a vacancy for an Executive Officer in the Finance Section of the Legal and General Services Division. The appointment will be a temporary one initially but approval for a permanent post is being sought. The person appointed will assist the Higher Executive Officer in the financial administration of all grants for self-help and other projects, the appraisal of financial proposals submitted by all applicants for such grants, the preparation of reports and recommendations of all requests for grant-aid, liaison with Community Relations Councils in respect of grant-aid, the scrutiny of accounts received from the recipients of grants, and any other duties that may arise from time to time in the Accounts Department.

Qualifications. Candidates should be experienced in financial administration, able to work up to trial balance and to correspond effectively and concisely.

Salary. The starting salary will be £3,297 per annum at 25 or over, rising by annual increments to a maximum of £4,579 per annum, plus an Inner London Weighting Allowance of £465 per annum.

Please write for application form and further details, enclosing a large self-addressed envelope marked "EO Finance," to The Commission for Racial Equality, 10/12 Allington Street, London SW1E 5EH. Please note that completed application forms must be returned to the CRE to reach them by 1st December 1978.

SOUTH AUSTRALIAN INSTITUTE OF TECHNOLOGY

Applications are invited for the position of:

HEAD OF MARKETING

in the

SCHOOL OF BUSINESS ADMINISTRATION

The successful applicant will provide academic leadership in Marketing and contribute to the management and development of the School as a whole. This is a tenured position, but a contract appointment is negotiable if required.

The School has a well established Bachelor of Business and Associate Diploma in Business both of which offer Marketing as a major option. Marketing is represented in the Graduate Diploma program and an extension of graduate studies in Marketing is proposed in the Master of Business Administration which is currently under consideration.

The School has developed a strong consulting activity in marketing research.

The successful applicant will be eligible for consideration for appointment as Professor/Associate Professor.

ANNUAL SALARY (Australian):

Within the following ranges according to qualifications and experience:—

Level I	$24,828
Level II	$25,837
Level III	$26,846

Application forms and conditions of service may be obtained from the Staffing Officer, South Australian Institute of Technology, North Terrace, Adelaide, S.A. 5000, to whom applications, including the names and addresses of three referees, should be forwarded.

Trader

S.E. Asia experience

London based

Must have done profitable two way business exceeding £1m per annum importing into the UK and other European markets from S.E. Asia and Far East. Package with basic salary and profit share negotiable over £20,000. Reference 127.

Write or telephone 01-499 2052.

Philip Egerton & Associates

Selection Consultants

178/179 Piccadilly, London W1V 0QP

CHANNEL ISLANDS

Managing Director for Trust Company

A private banking and financial group wishes to appoint a new managing director for its Channel Island trust company. The trust company has a staff of fifteen who operate in a busy professional environment.

The ideal candidate, preferably aged between 30 and 45, will probably have a legal or accounting qualification and practical business experience. Sound judgment and administrative ability are required, together with the stature to command the respect of staff.

Previous trust company experience, whilst desirable, is not essential but the successful candidate will need to be clear thinking and able to understand and develop new concepts.

A substantial remuneration will be paid and assistance will be given towards local housing costs.

Replies should be sent to:
Norton, Rose, Botterell & Roche (Ref RHRC)
Kempson House, Camomile Street, London, EC3,
with a covering letter stating the name of any organisation to which the candidate does not wish the application to be forwarded. A comprehensive curriculum vitae should be enclosed.

FINANCIAL SUB-EDITOR

The Journal, the North East's morning newspaper, is looking for a Financial Sub-Editor to join a lively business team. The job will also include some financial and business reporting. The Journal is part of Thomson Regional Newspapers, and prospects are excellent. The starting salary will be up to £5,000 per annum.

Please apply to:

Peter Stone
Personnel and Training Officer
Newcastle Chronicle and Journal Ltd.
Thomson House, Groat Market
Newcastle upon Tyne NE99 1BQ
Newcastle 27500, Ext. 333/348

Q.S. BANKING CONSULTANTS

seek people for the following positions

FX DEALER to £10,000
INTERNAL AUDITOR (ACA) £7,250+
P.R. EXECUTIVE £5,500
ACCOUNTS £5,500
STERLING DEALER to £10,000
RETIRED PERSON c.£5,500
FX INSTRUCTIONS to £3,700
LOANS ADMIN. TRAINEE to £3,400+
GENERAL BANKER to £6,000
CORPORATE LENDING OFFICER (graduate) to £9,000

Please apply to

Mike Pope or Sheila Anketell-Jones
30, Queen Street, E.C.4.
236-0731.

ACCOUNTS MANAGER

City — c. £10,000 p.a.

A major firm of Lloyd's Reinsurance Brokers with an international reputation and range of operations wishes to strengthen its executive team by appointing an Accounts Manager.

The successful candidate will be responsible for the control of a department of up to 30 staff operating a computer based multi-currency accounting system. The position requires maturity and leadership skills, with a firm but diplomatic manner, both in managing staff and liaising with other technical divisions. Relevant experience, preferably in the insurance industry is essential.

The rewards include a salary negotiable around £10,000 p.a. plus appropriate fringe benefits which will reflect the important status of this post. There are real opportunities for further career development in this expanding group.

Applicants, male or female, should write in complete confidence, giving full details of previous experience and current salary, to J. W. Hills, Aiman Impey Morrish, Management Consultants, 40/43 Chancery Lane, London WC2 1JJ quoting reference C1320.

A.I.M.

Financial Director

Major International Contract Furnishing Group

London W.1. — £12-£14,000 + Car

A new and vital appointment in a group poised for further rapid growth. Assume responsibility for • the key financial management role • advising the Managing Director and the Board • initiating and implementing new financial control procedures • evaluating the group's performance • guiding its future • optimising the group profitability.

Our Client: A most successful, fast growing, UK based contract furnishing group operating multi-nationally. They have a substantial capital base and excellent profits record. Their continued growth is, however, dependent upon evolving more sensitive financial controls to assist with day to day management and in having sound financial advice on Group policies and general management decisions instantly available.

Your Challenge: Working closely with the Managing Director and the Board in assessment of company performance and forward planning. Initiating and implementing improved • financial controls • MIS budgets and variance reports • cash management • computer applications.

Our Ideal Candidate: A qualified accountant, aged 34-44 yrs with a wealth of practical experience in Financial Management • budgets • MIS. A knowledge of contract furnishing is desirable.

The predominant attributes we seek are • capacity to work with a dynamic Managing Director • resourcefulness in leading people • financial and commercial acumen • imagination and creativity.

Your Reward: Attractive basic salary + executive car + Medicare + pension/life assurance + other very substantial benefits.

ACT NOW! For further information or an application form please contact the Group's adviser, Ian M. Barber, F.C.A. on 01-388 2051 or 01-388 2055 (24 hr. Ansaphone, quoting reference 277.)

M — MERTON ASSOCIATES (CONSULTANTS) LIMITED
Merton House, 70 Grafton Way, London W1P 5LN
Executive Search and Management Consultants

Young Financial Analyst

Northern Home Counties — c £7,500

A dynamic personality for a fast moving industry.

Our client, a major ethical pharmaceutical producer is the third largest manufacturer of prescriptive medicines in the world, with interests in a wide range of human, animal and environmental health operations.

This newly created position will be responsible for the development and use of control systems in the analysis, budgeting and forecasting of marketing spend, as well as undertaking ad hoc projects which may encompass the whole spectrum of management control.

If you are the person we seek, you will have had significant experience of cash management, including investment appraisal, budgetary control and strategic planning.

You will be an associate member of an accountancy institute with the strength of personality to establish credibility and confidence at all levels.

You will also be very interested in the prospects of progression and the handsome remuneration package offered by this progressive and expanding company.

Contact: Ian Couch, Luton (0582) 417562.

PER, 56-62 Park Street, Luton, Beds.

Applications are welcome from both men and women.

PER — Professional & Executive Recruitment

EXECUTIVE FINANCIAL CONSULTANT REQUIRED

We are an international corporation specialising in matters relating to finance. Our services are designed to assist our clients in increasing their cash flow, we therefore require people who would have an interest in discussing such matters with financial executives. Salary range is about £7,000-£8,000 per annum with usual holiday entitlement. If you feel you have some ability in this field and are looking for a change with a future, please telephone 852-0655 between 5 p.m. and 6 p.m. weekdays.

OVERSEAS VACANCIES in many fields. Details from Careers Overseas (AC), 30, St. Mary's Road, London, S.E.25

SKIERS WANTED—Full and part time instructors wanted for Scotland. Tel 01-940 7782 Peter Kite

ASSISTANT BANK MANAGER for Merchant Bank W.1. Salary £7,000 negotiable. Phone Mrs. Lee 01-409 1944 Lee Personnel Consultants Ltd

R. P. MARTIN & Co.

LIMITED

International Money Brokers

are seeking

EXPERIENCED DEALERS FOR LINK LINES

for Currency Deposits and Foreign Exchange
European languages, especially fluent French, would be an advantage

Reply to:

Personnel Manager
36/40 Coleman Street, London EC2R 5AN

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

FOREIGN EXCHANGE DEALERS LUXEMBOURG

A well-established Luxembourg bank, currently expanding its Money Market activity, offers outstanding career opportunities to two experienced dealers.

FOREIGN EXCHANGE DEALER — to £25,000

We seek a person with a minimum of four years' experience of exchange dealing in an active Money Room. While the emphasis is on spot dealing in major currencies, applications would be particularly welcome from those with experience in Middle Eastern currencies.

DEPOSIT DEALER — c. £18,000

At least three years' experience of deposit dealing is required, including dollars and continental currencies.

The preferred age range for both positions is 28–32. Fluency in another European language, particularly German, will be advantageous although candidates willing to undertake language studies will also be considered.

To discuss these appointments in confidence, please telephone ROY WEBB

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Group Chief Accountant

for a leading group in the field of personal investments and life assurance and related financial services.

- RESPONSIBILITY is for the overall management of the accounting function of the group through a staff of sixty, with the aid of a computerised system. This function comprises financial and statutory accounts and a comprehensive management accounting and control system for activities throughout the group.
- THE JOB presents considerable challenge due to the wide variety and technical nature of the work in an environment of continuous innovation and development.
- A QUALIFIED ACCOUNTANT is required with successful management experience at a senior level probably in the field of commerce.
- AGE: under 45. Salary: about £12,500 with a car. Location: the Greater London/Essex boundary.

Write in complete confidence to G. W. Elms as adviser to the group.

TYZACK & PARTNERS LTD
MANAGEMENT CONSULTANTS
10 HALLAM STREET LONDON W1N 6DJ
and
12 CHARLOTTE SQUARE EDINBURGH EH2 4DN

A new challenge for your Treasury Experience

Harlow £7500 +

ITT Components Group is a major manufacturer and distributor of electronic components. With headquarters in Harlow and nine operational sites throughout the UK, it operates worldwide, and to cope with growing demands on the Company's Treasury function it is now proposed to appoint a Banking Manager.

Based at Harlow and responsible to the Manager of the Credit and Treasury Department, the Banking Manager will be primarily concerned with the planning and control of cash flow in order to ensure adequate funds for company needs at all sites.

It will involve top level negotiation with banks and other sources of funds as well as responsibility for the cashier function, foreign currency transactions and export and import documentation.

The appointment is one for which a background in treasury work is essential, either within a large manufacturing company or perhaps with a merchant bank. Either way, an ability to conduct financial negotiations is required together with a good knowledge of export documentation, exchange control regulations and the foreign exchange market.

But financial expertise is not the only consideration. The man or woman appointed will be expected to possess the personality, managerial and administrative ability necessary to control, supervise and develop the treasury function. A degree or professional banking or accountancy qualification is also desirable and preferred age is 30+.

Salary will be £7500+ per annum according to experience and there are good company benefits. This is a challenging new appointment offering excellent future career prospects for someone with a thoroughly professional and responsible outlook on this important finance activity.

Write with full personal and career details to Mrs J Sexton, Personnel Manager, ITT Components Group Europe, Edinburgh Way, Harlow, Essex. Tel: Harlow 26811.

Components ITT

Financial Accountant

circa £9,000 + car

Tricentrol wish to recruit a Financial Accountant for their recently formed UK commercial trading subsidiary, Tricentrol Industrial Corporation Limited. The appointment will be located at the company's City head office and arises because of increased demands being placed on the existing accounting staff. The subsidiary has a turnover in excess of £75m pa.

The Financial Accountant will report to the Financial Controller and in his absence will depute for him. He will be mainly concerned with the preparation and review of monthly management information, the year end consolidation of subsidiary company accounts and the consolidation of the annual budget figures.

Successful candidates will be qualified accountants, capable of acting on their own initiative and will probably be in their late twenties. The appointee will offer sound post qualifying accounting experience and preferably exposure to the use of EDP.

The position provides opportunity for promotion to Controller level within a period of two years. The commencing salary will be negotiated at circa £9,000 pa. A company car and non-contributory pension and medical schemes are provided. A generous contribution would be made towards removal expenses if the successful candidate had to move home to take up this appointment.

Candidates, male or female, can make application by quoting reference MCS 2032 and requesting a personal history form from Ashley S Phoenix, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY.

Price Waterhouse Associates

INBUCON

Company Accountant

KENT–TO £9,000

The company is part of a public group involved in the petrochemical industry. It is seeking to expand its operations and increase its turnover substantially above the £3m achieved now.

An able and qualified accountant experienced in cost and management accounting is required to join the executive team. Probably aged 30-40, the successful candidate will demonstrate the ability to lead and motivate staff in developing sound management information systems to monitor company performance by cost analysis and budget forecasts as a basis for accurate decision making. Previous experience in the chemical or allied industries will be an advantage but will not be a bar to someone with drive and initiative wanting to be involved in this challenging appointment.

Prospects are good within the group. A car is provided together with excellent fringe benefits. Please write briefly and in confidence to J. G. Battersby, quoting ref. 3713FT, saying how you meet these requirements.

INBUCON MANAGEMENT CONSULTANTS LIMITED
Executive Selection
197 Knightsbridge, London SW7 1RN Tel 01-584 6171

Senior Accountant for the Middle East

We're ORS, part of one of the largest employment service organisations in the world.

Right now we're looking for a Senior Project Accountant for projects in the Middle East.

The successful candidate will be responsible for the Accountancy management of initially, two on-site industrial locations.

The post will involve routine accountancy including payroll, cost accounting and preparation of accounts up to trial balance.

You'll be required to liaise with clients and negotiate at a senior level, travelling to locations in the Middle East when necessary.

We're looking for a single accountant of UK Nationality with a minimum of 5 years' relevant experience and preferably FCA qualifications. Overseas experience is essential, ideally in the Middle East for a one year contract renewable.

The position calls for a self-starter who can be diplomatic with clients and at the same time be capable of supervising and appointing his own financial staff.

You'll have the ambition to expand with the company taking on an increasing degree of responsibility as our number of on-site locations grow.

The person we appoint will enjoy a highly attractive, fully negotiable salary and an extensive range of benefits, including free accommodation, messing, life and medical insurance, bonus at termination of contract plus 6 weeks home leave with return air fares.

Above all, you'll enjoy the challenge of a stimulating environment which will call upon your skills, your drive and your ambition.

Call Miss N. Frater now on 01-439 9481 for an application form, and to arrange a confidential interview.

ORS Services
37 Golden Square, London, W1R 4AL
London, Lausanne, San Francisco, Riyadh
A member of the Adia group of companies.

Business Manager

c.£11/12,000 + Car
Age 30-35

The appointment is with one of the World's leading computer groups. Impressive company growth has taken place in recent years and is continuing.

Against this background there is a need to improve business forecasting, systems and controls. Negotiations with government agencies and a wide range of commercial organisations will also be undertaken.

A female or male graduate, aged about 30-35 who has gained sound experience at levels close to the boardroom for at least 3-4 years, possibly in a marketing services or operations management environment, would find this role attractive. A commercial background is essential but knowledge of computers is not critical.

The position is based in Central London and relocation expenses are available if required.

Please write briefly including home business telephone number in the first instance and in confidence to Charles Stewart. (ref. 917).

Alliance Management Consultants Ltd.
84-86 Baker Street, London W1M 1DL
Tel: 01-487 5761 (24 hours)

Alliance

South East Asia Research

VdaC

Vickers da Costa Ltd. have a well-established and growing business in South East Asian securities with local offices in Hong Kong and Manila.

We are looking for an additional member for the research team covering this area to be based in London. The position is an important one and will involve regular liaison with institutions as to market and company trends as well as detailed research work and would suit a candidate with some years experience of the area. Remuneration will be competitive.

Apply in the first instance with a detailed curriculum vitae to:

Personnel Manager,
Vickers da Costa Ltd.,
Regis House, King William Street,
London EC4R 9AR. Tel: 01-623 2494.

GULF DEVELOPMENT CO. LTD.

The following are required for overseas projects, aged preferably under 40:

Mechanical Engineer with project management experience.

Negotiator with legal qualification.

3 Chartered Accountants or Economists preferably with merchant banking and negotiating experience.

Marketing Executive with administrative and negotiating experience.

Chemical Engineer with experience in the oil industry.

Agronomist

It will be an advantage for candidates to have previous overseas experience and additional qualifications including languages. Good salaries will be paid to the right person for each category.

Apply in confidence with curriculum vitae to The Secretary, Gulf Development Co. Ltd., 128 Park Lane, London, W1Y 3AE.

CHIEF INTERNAL AUDITOR FINANCIAL SERVICES

Wiltshire

To £10,000 + Car and excellent benefits

Although our client commenced trading as recently as 1971 it is now recognised as the established leader in a major sector of the financial services market. Flotation took place in 1976 and the business has continued to expand with assets now exceeding £600m. The company clearly has a wealth of entrepreneurial and marketing skill with the finance function playing a significant role in the profitable development of its activities.

The basic brief for the Chief Internal Auditor is to contribute to the creation of effective systems across the whole range of the company's operations. The function covers systems and computer audit and the current team consists of accountants and computer specialists.

Candidates, male or female, should be qualified accountants, probably aged 28 to 35, with a strong technical background in audit and computer systems. Although currently in commerce or public practice they must display proven management experience and ability.

The company is committed to a programme of expansion and is therefore able to offer excellent long-term career prospects in an attractive location allowing easy access to a city or rural lifestyle.

For more detailed information on this appointment and an application form contact Ronald Vaughan, F.C.M.A. quoting reference 2301.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

FINANCIAL CONTROLLER EUROPE

West of London £15,000-£18,000 Neg.

Our client, the European Division of a large American corporation, is involved in marketing and distributing high quality reprographic and printing equipment. Backed by an impressive growth record, they are now establishing a corporate H.Q. in the UK to provide extensive management services to European operating units.

The Controller, reporting to the General Manager, will control a small staff of qualified accountants. Priorities will include: development of management information systems on a European basis; provision of financial services and business reviews for operating units; co-ordination of reporting from marketing units and distributors; budgeting and long range planning.

Candidates, qualified accountants probably aged 35-45, will possess a successful track record in senior financial management. Exposure to an international environment is important as well as a forceful personality and the ability to motivate staff at all levels. Fluency in at least one European language, preferably French or German, is a necessity.

Prospects are excellent within this fast expanding marketing orientated group.

For further information and a personal history form please contact Neville Mills ACIS or Kevin Byrne BA quoting reference number 2277.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

GROUP SYSTEMS ACCOUNTANT

Bedfordshire To £9,000 + car

Our client is an international group, with a turnover in excess of £150 million, engaged in the manufacture and sale of industrial products.

Reporting to the Group Financial Controller, the successful candidate would be involved in defining the information requirements for a new data system, followed by its design and implementation. He/she will be responsible for co-ordinating the work of the financial and computer departments as well as working on various accounting assignments.

Success in this position could lead to promotion to a line appointment within the group.

Candidates, M/F, probably aged 26-32, will be qualified accountants with an in-depth knowledge of computerised systems relating to manufacturing activities. This experience will ideally have been gained with a progressive company or in a consulting role.

For detailed information and a personal history form please contact Neville Mills ACIS or Howard Amos BA quoting reference number 2307.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

CHIEF ACCOUNTANT

INTERNATIONAL METAL MERCHANTS

London SW1 c. £9,000 + car scheme

A leader in its field, our client is a firm of International Metal Merchants with a turnover in excess of £100 million.

It is now planned to strengthen the finance function through the appointment of a Chief Accountant. The successful candidate M/F preferably aged 28-35 will join a highly skilled team, supervising the preparation and analysis of management information and group accounts, as well as assisting in further developing existing systems.

Candidates will be qualified accountants with at least 3-4 years P.Q.E. in a commercial environment. They will be able to communicate effectively with other management disciplines and have a self-motivated approach that will enable them to succeed in a demanding environment.

For further information and a personal history form please contact Neville Mills ACIS or Howard Amos BA quoting reference 2306.

Commercial/Industrial Division
Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

INTERNATIONAL INVESTMENT MANAGEMENT £ neg.

This vacancy, with an International investment company, is an ideal opportunity for a young person to enter the active specialist area of Far-East investment. Candidates, in the age range 19–26, should have had fundamental training and experience in equity investment in international stocks gained with an investment company, stockbroker, merchant bank or stock jobber. Personal qualities sought include a bright personality, above-average presentation, and the ability to learn quickly. Customer contact will be involved in a very high proportion of the duties; fluency in German or French would be an advantage, and travel is a possibility in the future. Applicants are invited now with a view to commencing mid-January 1979.

Please contact: RICHARD MEREDITH

MONEY MARKET ADMIN. to £6,000

Our client, a prominent North American banking and financial institution, wishes to recruit a thoroughly experienced person to the position of Supervisor, Money Market Administration. Candidates, ideally aged mid-late 20s, should have supervisory experience in an accounting or banking department, combined with thorough knowledge of Sterling Cash and Foreign Exchange administration. The responsibilities of the position include supervision of all accounting relating to the department's operations, control of liability and asset deployment, payments and all other money market administration. This appointment offers considerable potential for career growth.

Please contact: NORMA GIVEN

170 Bishopsgate London EC2M 4LX 01-623 1266/7/8/9

Project Financial Manager

Petrochemical Contracting London & Algeria

This is a key financial appointment with Pullman Kellogg, whose position amongst the world's largest and most prestigious contractors in petrochemical and chemical plant has been achieved by a combination of technological sophistication and pioneering and sound financial expertise. Based in Wembley, the Company is currently building and commissioning a £100 million + Liquefied Natural Gas plant at Skikda in Algeria. It is for this project that it needs to recruit a Manager with proven experience of handling financial arrangements associated with major capital expenditure projects, preferably in the petrochemical contracting industry.

It is intended that the appointee, who will report directly to the Assistant Financial Controller, should take immediate and total responsibility for all the financial functions of the Skikda project including organising Letters of Credit, the provision of guidance and problem solving on Algerian tax matters and client liaison at the highest levels.

The Company feels that it is unlikely that men or women aged under 30 would have the necessary managerial and project financial experience for this position. The successful candidate will have a proven track record of handling significant financial responsibilities independantly and in a demanding environment. About 50% of the manager's time will be spent in Algeria. The ability to converse fluently in French would be a distinct advantage.

Please write, in complete confidence, with career and salary progression to date, to: **The Recruitment & Training Manager, Pullman Kellogg Ltd., The Pullman Kellogg Building, Stadium Way, Wembley, HA9 0EE.**

Pullman Kellogg
A subsidiary of Pullman Incorporated

1978

Board of Governors National Hospital for Nervous Diseases

Treasurer

Salary scale £7,214-£8,765 + £354 London Weighting per annum (Administration and clerical scale 25)

Applications are invited from qualified accountants with wide experience in hospital or public service for the post of Treasurer to the Board of Governors of this post graduate teaching hospital group.

Successful candidates will be required to control a full range of financial activities including the maintenance of a budgetary control system, and the provision of management information and will be expected to participate, with the other senior officers, in the management of the group as a whole.

Application form and job description from:
The Personnel Department, The National Hospital,
Queen Square, London WC1N 3BG
Tel: 01-837 3611 Ext. 65
Closing date: 8th December 1978

Investment Management

Major International Bank

Our Client, a leading International Bank with significant UK institutional business, seeks an experienced Fund Manager for its growing London Investment Division.

Candidates should have a degree or professional qualification and a background in equity fund management or investment research. As the bank is actively involved in marketing its services to companies throughout the UK, candidates must demonstrate the maturity and self-assurance necessary to deal with clients at board level.

This is an exciting opportunity with a bank whose world-wide representation and progressive attitude ensure that prospects for career development will be excellent. A competitive salary and substantial fringe benefits, including mortgage assistance, will prove most attractive to applicants of the required calibre.

Contact A. J. Tucker M.A., A.I.B. in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01-248 3812/3/4/5

STOCKBROKERS

Country brokers with small London office

are currently seeking a limited number of members or attachés in London. High quality research and all services provided, including luncheon room. Generous commission sharing arrangements. *Please reply to Box A.6541, Financial Times, 10, Cannon Street, EC4P 4BY.*

REDMAN HEENAN INTERNATIONAL LIMITED

Group Chief Executive c.£25,000

The Redman Heenan Group is a profitable public company made up of a number of autonomous operating subsidiaries engaged in the design, manufacture and supply of a range of specialised engineering products for a variety of international markets. Current turnover is in excess of £40 million. Excellent progress has been made in recent years and there are well developed plans for expanding the group in terms of both markets and product range.

The post of Group Chief Executive will become vacant early in 1979 and an experienced and successful professional manager is sought to have full responsibility to the Board for the profitable development of the company.

The successful candidate will have a first class track-record in general management with experience of running a group of companies as a particularly important requirement. Candidates should have a degree or professional qualification in engineering or a related discipline: and a deep understanding of the engineering industry is essential. A thorough grasp of all management functions is required as is the creative flair to implement and develop further the company's growth plans and the ability to lead and motivate a highly successful management team.

The Group Chief Executive will be based on the company's headquarters at Worcester. A remuneration package will be negotiated comprising a basic salary of around £25,000 and a substantial profit-related bonus earning opportunity, together with car, BUPA, pension and other fringe benefits.

Applicants are invited to write fully and in confidence to: Hugh Lang, quoting reference L 93·7

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948 PE

Young ACA

Deputy Manager - Investments Services

City **To £10,000 + Mortgage Subsidy**

The newly formed European Investment Services Division of a major world wide group is responsible for a substantial investment and property portfolio.

Due to reorganisation, our client now requires a Chartered Accountant aged probably late 20s to be responsible for the control of the accounting, analytical and administration departments. Initial duties will also include implementing new systems procedures which are now necessary to cope with the increased level of activity.

Applications are invited from candidates able to offer 2/3 years post qualifying experience ideally gained in a similar environment or with a leading professional practice. A knowledge of, or an interest in, investments is an important requirement.

An attractive benefit package is offered which includes non-contributory pension plan, life cover in addition to a generous mortgage subsidy.

Please apply to Hugh Harvey quoting ref. 1740.

This position is open to men or women.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Economist

to join BP's Corporate Planning Department and lead a small team in its Forecasting Division.

The successful applicant will be expected to analyse and forecast movements in major world economies and to consider how these pressures impact on energy and oil demand, in the short, medium and long term.

A good degree in Economics, experience of quantitative technique and at least five years in economic forecasting is necessary.

Experience in the energy sector is desirable.

Salary will be paid according to qualification and experience but the post is unlikely to be filled by applicants currently earning less than £8,000 per annum.

Please write giving age and brief details of qualifications, experience and current salary, quoting reference PFC/8/E to: The Manager, Central Recruitment, The British Petroleum Company Limited, Britannic House, Moor Lane, London EC2Y 9BU.

Chief Accountant

Guildford, to £10,000 + car

Our client, a firm of commercial solicitors with 110 staff, has doubled its turnover in the last three years. This dynamic growth has led to the need for a new position of Chief Accountant with administrative ability and a knowledge of systems. The ideal candidate will be a qualified accountant under 40 who will react positively to the challenge of being an accountant in a firm of young, informal and likeable solicitors.

Mrs. Indira Brown, Ref: 19131/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:
LONDON: 01-734 6852, *Sutherland House, 5/6 Argyll Street, W1E 6EZ.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

CUSTOMER SERVICES

Age 28-40 **BANKING** **£8,500+**

An established and expanding International Bank seeks to appoint an experienced Banker to assume control of an active and important Department. The functions of the Department include all aspects of customer account maintenance, inward and outward remittances, bills and documentary credits and telex supervision, and the successful Candidate would be expected to be fully conversant with these areas. Additionally, he/she would be directly responsible for the design, implementation and running of new systems and procedures, and will report to the Operations Manager.

The appointee will need to exhibit personal qualities of tenacity and drive, and will have the ability to liaise with customers at a senior level. Candidates holding the Banking Diploma will be preferred.

Salary is negotiable around the quoted figure and benefits are competitive.

To discuss this position, in complete confidence, please telephone Rod Jordan (General Manager)

BANKING PERSONNEL
41/42 London Wall · London EC2 · Telephone: 01-588 0781
(RECRUITMENT CONSULTANTS)

TAX SPECIALIST
c. £10,000

28-35. Graduate Accountant or lawyer with excellent track record in Corporate and Personal tax planning for blue chip International Corporation based in London.

METALS ANALYST
£6-10,000

24-30. Economist with a thorough appreciation of the Metal Markets plus excellent written and verbal ability to join expanding research dept. of internationally known firm of Commodity Brokers.

FINANCIAL PR
c. £8,000

25-30. Consultant with at least 2 years' experience and an appreciation of the accountancy profession to take up challenging position handling a major international account with prestigious W.1 based Consultancy.

Stephens Selection
35 Dover Street, London W1X 8RA.
01-493 0617
Recruitment Consultants

SKIERS WANTED—Free weekends in Scotland offered to good skiers. Tel. 01-940 7782. Peter Kite.

Investment Analyst

Liverpool, £.Neg

A leading firm of stockbrokers requires an Investment Analyst in the Insurance sector. Important requirements are the ability to read balance sheets, to prepare and deliver reports both verbally and in writing, to converse at board level, and to develop close relationships with clients. Applicants, preferably under 30, will have worked in an investment institution or a stockbroker's office, and will ideally have a professional qualification in accounting, insurance or actuarial work. The position offers excellent prospects in addition to a competitive salary which, together with profits-related bonus, reflects the importance attached to this key post by our client.

C.G. Moores, Ref: 24147/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:
MANCHESTER: 061-236 8981, *Sun Life House, 3 Charlotte Street, M1 4HB.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

APPOINTMENTS ADVERTISING IS CONTINUED TODAY ON PAGES 32 & 33

Accountant

Banking-City

up to £7,500 plus benefits

The initial responsibility will be supervising the accounts and business of the management companies which support the bank's unit and investment trusts. When this is properly organised within a year, it will give time to become involved in other parts of the business, including the computer based systems, the bank's accounting and group taxation. The position therefore makes an excellent base for personal development within a major merchant bank. Candidates must be qualified accountants. Some experience of accounting for unit trusts would be advantageous but not essential. Fringe benefits include a subsidised mortgage.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A. C. Crompton quoting reference 739/FT on both envelope and letter.

Deloitte Haskins + Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Smoking—the return salvo

BY MICHAEL THOMPSON-NOEL

IN MARKETING terms there is nothing in the known universe quite like the smoking and health controversy to set the passions blazing. In no other area of commercial endeavour do the rival factions set about each other with such a slanging and banging and wielding of crowbars.

Two weeks ago, Rex van Rossum, former marketing director of Rothmans, fired off a full salvo of invective on this page, directed at the anti-smoking lobby. He accused opponents of the tobacco trade of posturing, lying and scaremongering. The crusade against cigarette advertising, he claimed, was an irrelevance, and current restrictions in the code of advertising practice an overkill. By maintaining a dignified silence, the tobacco companies had let themselves be pushed into a corner where they had "accepted restrictions out of all proportion to the facts and evidence."

Well. It didn't need a genius to predict that the health lobby would take a swing at that. According to Mike Daube, director of Action on Smoking and Health, Mr. van Rossum was resorting to innuendo and untruths: "Even the slickest of marketing directors cannot bring back to life the hundreds of thousands who have died of smoking-related diseases since publication of the first Royal College of Physicians' report in 1962."

In his view:

"The historical perspective is important: the tobacco farmers, manufacturers and retailers, faced by the thunderbolts of the Royal College of Physicians' reports, were not monsters or wilful promoters of disease but ordinary men faced with an unprecedented challenge which, tragically, they failed to meet. They attempted and still attempt to deny the effects of smoking, using extraordinary distortions of the evidence. They made every effort to counter health education on smoking, to recruit new smokers (even in developing countries), and in order to defend their lucrative and now discredited business, developed a series of defence mechanisms which rely on sheer financial muscle and the credulity of governments.

"Mr. van Rossum has probably done his industry a disservice by presenting its arguments in such extreme form, and with so many half-truths and untruths. He certainly bears out the prediction of an editorial in the British Medical Journal earlier this year that the tobacco industry would fight a desperate rearguard action, producing arguments as desperately misleading as its advertisements were in the past."

Mr. Daube is incensed at Mr. van Rossum's claim that cigarette advertising influences market share and brand competition and nothing else—a strange approach to advertising, says Mr. Daube, that applies to no other product and is in stark contrast to the views of advertisers in the days before cigarettes were known to be carcinogens.

"The case for a ban on tobacco promotion is not, as some in the tobacco industry fondly imagine, that without advertising cigarette sales would fall to zero overnight. A promotional ban should be seen as part of an overall smoking control programme, complemented by education and information programmes as well as help for the many smokers wishing to give up.

"ASH's view is simply that tobacco promotion has both the intent and effect of increasing the total level of sales, or maintaining sales at levels higher than those which would otherwise have obtained. The 1977 RCP report estimated that the tobacco industry spends around £80m a year on all forms of promotion: it would be extraordinary if this mass of press and poster advertising, sports sponsorship, arts sponsorship, cinema advertising, leaflets, PR activities, point-of-sale promotion, TV and radio 'same-name' cigar and pipe tobacco advertising, gift coupon schemes and countless other promotional ventures had no impact on total sales, if it went unnoticed by children, ex-smokers, and non-smokers, and if it did not encourage smokers to continue, or even smoke more."

According to Mr. Daube, the simple fact is that the World Health Organisation, the Royal College of Physicians, the International Union of Cancer, the British Medical Association and countless other medical bodies have recommended a ban on tobacco promotion, not because they wish to ruin advertising agencies or deprive the media of revenue but because, in the words of the late Robert Kennedy, "the cigarette industry is peddling a deadly weapon. It is dealing in people's lives for financial gain. . . ."

A few of Mr. van Rossum's "untruths" deserve correction, says Mr. Daube, particularly his claim that no criticism is made of the 300,000 retailers who sell cigarettes. This is untrue, says Mr. Daube, even though it is not the retailers who spend vast amounts on mass advertising. "For example, ASH forcefully criticised the retailers when a survey we had commissioned showed that 43 out of 50 tobacconists surveyed broke the law forbidding the sale of cigarettes to people under 16."

Nor was the former Rothmans man correct to claim that the industry had been given no credit for moves to launch more low-tar brands, cut tar yields and introduce tobacco substitutes.

Mr. van Rossum was out of line in claiming that not one of the countries around the world where cigarette ads had been banned or severely restricted had witnessed a decrease in consumption. In Norway, for example, following enforcement of the Tobacco Act in mid-1975, the percentage of daily smokers among males had fallen steadily from 52 per cent. in June, 1975, to 44 per cent in December last year; among females, from 32 per cent to 30.

"Many other parts of Mr. van Rossum's case fail to stand up to detailed examination, not least his eccentric view that there is no rational reason why cigarettes should not be allowed back on TV now. But he will have succeeded if his blend of innuendo and misinformation draws attention away from the most important challenge in preventive medicine facing government and politicians today. The purpose of those in this country whom he describes as the anti-smoking forces is simply to reduce the appalling toll of death and disease caused by smoking. Thirteen countries have already banned tobacco advertising. How long must we in Britain wait before promotion of health is seen as more important than promotion of a known carcinogen?"

And so the battle builds. Two weeks ago I wrote that there were signs that all cigarette advertising in Britain would be outlawed by around 1982. That may or may not prove to be the case. What is certain is that the tobacco companies and their opponents are pysching themselves up for a very bitter struggle. They will put away the crowbars soon and call up the tanks.

Confusion on commission

THERE ARE two ways of looking at the revised system for agency recognition which the Newspaper Publishers' Association and the Newspaper Society will operate from January 1. Broadly, from that date, the payment of commission to agencies, whether recognised or not, will be up to the individual decision of each newspaper.

The first view, strictly a minority one, is that there could be convulsions in client/agency and agency/media relationships if the new system throws up variable rates of commission. There is certainly a great deal of confusion on this score.

On the other hand the general views is that nothing much will change—that the inertia of the market will be such that after a minor flurry of activity the "new" commission rates will re-settle at around the 15 per cent mark to what the IPA describes as "everyone's satisfaction."

At the same time the independent specialist media buying and creative consultancies believe the new system—introduced to take account of restrictive trade practices legislation—will prove a stimulus for the advertising business and encourage clients to take a greater interest in matters of cost.

Chris Ingram of CIA, a leading independent media-buying shop which expects to handle £6m worth of business next year, said yesterday: "The new arrangement only makes official what has been gradually happening. It should draw a lot of attention to our sort of business. It will only be our fault if we do not take advantage of the new situation."

On his calculation, the independents already handle £70m-worth of media-buying.

David Bernstein, a director of The Creative Business, said: "It's a recognition of what's been going on. In the past, clients have thought of the independents as not quite proper. Now, a lot of client inhibitions will go. The COI, for example, would have been the last people to rock the *boat on the old recognition* agreement; now they may well consider the independents."

John Simmons, a director of The Simmons Consultancy, said he expected that a number of new constultancies would open. "A lot of funny people who hitherto didn't have the courage to leave the shelter of full-service agencies will start appearing. Clients have to be protected from upstarts and fly-by-night's. Fortunately, they'll close just as fast as they open."

Some full-service agency heads admit that big advertisers are likely to question more closely the profit levels on individual accounts, though that could in turn lead to higher fees if agencies insist on more realistic fee levels for particular accounts.

The IPA says there could well be an adjustment to levels of rebating though it thinks that would be balanced by adjustments to the specific value of services provided by agencies for clients.

From January 1, newspapers will restrict the criteria for agency recognition largely to these areas: the credit worthiness of the applicant or recognised agency, and their adherence to the code of advertising practice. There will be a scale of sanctions in cases of non-compliance with the latter requirement, including a copy ban for an "appropriate period" in the case of persistent offenders. There would be a right of appeal.

According to the NPA and NS: "All recognised agencies are being notified of the proposed revision. Their recognition will automatically be continued subject to the usual financial monitoring and to the amended terms already indicated."

Record gain for Burnett

WITH A BURST of acceleration thought to be worth £3.5m in billings, Leo Burnett is to handle advertising for BL's Mini, Maxi and Allegro models, plus the car maker's credit and tax free sales. It represents one of the biggest account gains ever.

Saatchi and Saatchi will continue to handle the Princess, Supercover and fleet sales, plus the Marina and Sherpa and a new BL corporate campaign. In all, Burnett and Saatchi will split approximately £7m worth of BL business. Saatchi in addition handles Unipart and Triumph/MG, giving it a grand total of around £5m.

● UNIVERSAL McCANN has won the £200,000 Financial Weekly account in competition with eight other agencies. The new newspaper from Fleet Publications, a subsidiary of Trafalgar House, is due to appear in mid-February. The budget will be roughly divided as to one third on TV the rest in the Press and on activities such as PR.

● CHETWYND is to act for Computacar from January 1. The account is said to be worth £500,000.

● PRIVATE PATIENTS Plan has placed its account with J. Walter Thompson; the move takes effect on January 1. Initially PPP will work with Deltakos, the JWT health care subsidiary.

● NORMAN CRAIG and Kummel has gained the Superstores (International Stores) account.

● INDEPENDENT BREWER Paine and Co., with some 25 pubs, has appointed Mallerman Summerfield-James.

● A TIE-UP between Brooke Bond and Mobil will give motorists who buy four gallons of petrol a 10p coupon toward the cost of PG Tips teabags; 4m coupons are being printed.

● ELIDA GIBBS is launching a variant in its Sunsilk shampoo range, Wild Chestnut, with a national TV campaign. The agent is JWT.

● ROCKWELL INTERNATIONAL'S Power Tools Division is spending £250,000 on a pre-Christmas campaign. Agency: Wasey Campbell-Ewald.

Let's get back to the Great Offensive

BY WINSTON FLETCHER

WHATEVER BECAME of the Great Offensive? 1978 was to have been the year when advertising and marketing, with unaccustomed audacity, challenged their opponents to metaphorical fisticuffs and defiantly proclaimed: "Properly planned advertising contributes towards the most efficient use of resources, productivity, and profit. Profit equals investment, equals jobs, equals a better future. Let us be proud of advertising's contribution to future prosperity."

These soul stirring sentiments were the theme of the Advertising Association's crusading pamphlet Marketing and Industrial Regeneration, launched in April at the association's Brighton conference with, regrettably, a resounding tinkle.

Despite the world's indifference, the delegates left Brighton with heads held high, confident of their ASA-washed whiteness and convinced they had a crucial role to play in any putative economic recovery. Yet a mere six months later finds them regressing to a more accustomed posture: flat on their backs peering anxiously about to spot where the next kick will come from.

They were prepared for it to come from Brussels, which is currently considering an EEC draft directive demanding the harmonisation of advertising controls—bureaucratic euphemism for more legislative fetters. They were ready for it to come from the OFT, whence they await the results—due today—of a market survey into the public's opinion of how well the ASA voluntary system is working.

But they were totally unprepared for it to spring at them a few weeks ago from a conference of National Co-operative Drapery and Fashion Managers, the audience strangely selected by the Secretary of State for Prices and Incomes, Roy Hattersley, to receive his intimidating tirade against advertising and marketing.

Mr. Hattersley's attack was impressively wide-ranging: patently he is not a chap to allow irritating facts to confuse the persuasive sweep of his rhetoric. It would be possible, given the space and time, to dispute Mr. Hattersley's speech almost line-by-line. Although assertions like "Advertising can blunt the edge of competition by propping up the producers of inferior products" are so nebulous as scarcely to be debatable. (It would be marginally truer, though equally vague, to say that advertising sharpens the edge of competition by helping destroy the producers of inferior products.)

Worse still, to call on the ASA to investigate the horrors hidden in the "literally millions" of classified ads without so much as mentioning the exorbitant expense that would be incurred suggests the kind of profligacy which petrifies those outside government. To finance even its present limited remit the ASA last year needed £620,455 from its Board of Finance. This not inconsiderable sum was spent in generating and pursuing just 1,645 complaints against display advertisements: an astonishing cost of £377.18 per complaint. Nearly half the complaints proved unjustified and the vast majority were anyway footling. Does Mr. Hattersley, one wonders, ever bother to read the ASA's marvellously comic Cases Report?

However, the most deeply depressing aspect of Mr. Hattersley's oratory lay not in its unnecessary, expensive and generally destructive specific proposals: the far more frightening revelation was that the Secretary (and presumably therefore his bevy of advisers) does not understand the meaning of marketing at all. Like a small time 1950's industrial advertising manager, he apparently thinks it a synonym for "publicity" or "promotions." How else could he have stated: "An obsession with marketing can cause the producer to delude himself that enough advertising can make up for product deficiencies."

This is the opposite of the truth. Nor is it merely a minor, semantic misunderstanding. The very definition of marketing demands that manufacturers strive to make their products perfect (for their market and at the price). Marketing also demands that perfection be defined by the consumer, not Mr. Hattersley, and perfection may involve complex emotional as well as physical product characteristics. The Secretary, however, apparently believes that manufacturers produce only the goods they fancy—then they employ "marketing" to persuade a gullible public to buy them; if the public proves recalcitrant, in desperation they cheat or lie to clear the goods from the shelves. It is a view of the economic process which, in one as sensible as Mr. H., is so simplistic as to be breathtaking.

Unhappily, the evidence, though dated, suggests that much of the population's picture of marketing and advertising is just as fuzzy. The last public survey on the subject, carried out by the Advertising Association in 1976, showed that while the vast majority of people (certainly over 90 per cent) are not greatly interested in advertising at all—a result forcefully if expensively confirmed by the response to the ASA detailed above—insofar as they have any views a majority believe that advertising makes people buy things they don't want; that if a product is good it does not need to be advertised; and that advertisements are often misleading.

Taking a dispassionate look at the present situation, it seems extraordinary that the only time the advertising industry has united to fund a major communications campaign, the objective of that campaign was to persuade the public to complain about advertising. However much Mr. Hattersley may wish us to waste the ASA's funds investigating trifling complaints against wicked plumbers' classifieds in the Callington and Gunnislake Post, should we not now consider putting the money to more positive use?

This year the ASA Board of Finance will raise about £750,000. Let us stop dribbling it away encouraging the average British adult to moan to the ASA once every 24,000 years. Let us instead spend the money communicating the real benefits of advertising to consumers and thence to commerce and industry. Let Mr. Hattersley, if he is so determined, waste Parliament's, the lawyers', the courts' and the taxpayers' moneys on paltry legislation; let us get back belatedly to the year of the Great Offensive.

Winston Fletcher is managing director of Fletcher Shelton Delaney.

هكذا من الاصل

LOMBARD

Bomb in the bank vault

BY DAVID FISHLOCK

EARLY NEXT month technical and legal experts meet in Vienna to discuss a new kind of bank. They hope to set up an international bank for the safe-keeping of plutonium, a metal more valuable than bullion, which can be used as a potent fuel — or a nuclear explosive.

Plutonium is a by-product of nuclear reactors: almost every reactor. The fission of uranium fuel transmutes some of it into a new element, plutonium, also a fissile material. The world, with over 200 power reactors operating, is already manufacturing substantial amounts of the metal, several tonnes a year.

New generation

The best estimates — although they do not include the East bloc — of the world's output of plutonium come from the International Nuclear Fuel Cycle Evaluation, set up by President Carter after the London Summit last year. It estimates that at least 42 tonnes have already been separated from spent nuclear fuel in civil nuclear power programmes worldwide. Of this, only 15 tonnes are being used. The remaining 27 tonnes are being stored, awaiting a new generation of reactors — fast reactors — to burn it efficiently.

The worry, of course, is the temptation to experiment with some of the stockpile in making nuclear weapons. It is the legitimate possession of nations owning the reactors making the metal, although most of them purchased the original fuel on terms which expressly forbid such experiments. It might also fall into the hands of criminal or terrorist organisations.

Delays, equivocation, moratoria by governments are all helping to postpone the day when the stockpile will be re-absorbed by the new generation of reactors. Meanwhile, remorselessly, it will continue to grow: more than 92 tonnes of separated plutonium by 1985, more than 157 tonnes by 1990, more than 270 tonnes by the year 2000. Even in another two decades world production of plutonium will still exceed demand for it as fuel for the new reactors.

The International Atomic Energy Agency (IAEA) in Vienna, watchdog of the Non-Proliferation Treaty, believes it has both a duty and the freedom legally under its statute to attempt to set up an international plutonium bank. Physically, its aim would be simply to simulate the kind of security plutonium has when entombed as fuel in the vault of a reactor, protected by intense radio-activity and 10 ft thick concrete walls.

Plutonium could be stored in one of two forms: as untreated spent fuel, as the U.S. Administration favours, or as separated plutonium. The IAEA suggests that storage of untreated fuel has superficial attractions, such as its intense radioactivity as an additional protection. But which country might be persuaded to act—and still more to the point be accepted internationally—as a trustworthy custodian of a stockpile expected to grow from 1,600 tonnes this year to 8,000 tonnes a year by 1985, 14,000 tonnes a year by 1990, 27,000 tonnes a year by 2000? Add to this the fact that the radioactivity fades fairly rapidly, and the cynic might conclude that after a couple of decades such a stockpile would be less a bank than a plutonium mine.

Separated plutonium, the IAEA has concluded, greatly simplifies the physical problem of safekeeping. From 5,000 tonnes of spent fuel is extracted about 20 tonnes of plutonium. The capital cost of storing this plutonium is estimated at $8m., compared with $140m.-$280m. to store the equivalent amount of spent fuel. Operating costs, put at $1m a year to manage the plutonium, would be ten times as high for spent fuel.

The Vienna meeting will try to work out plans for an international bank for separated plutonium. It will focus on what are seen as the two major problems: how to safeguard such a bank against forcible seizure; and how to frame rules giving clients access to their plutonium deposits when they have a legitimate purpose, yet give all clients assurance that access cannot be obtained for illicit ends.

Disputes

Clearly for such a bank to operate effectively the banker—the IAEA—must have a big voice in determining what quantities of plutonium being produced are in excess of a country's legitimate requirements, and must therefore be banked. This in turn implies agreeing criteria on amounts that might be retained by a client, and a procedure for settling disputes on this point.

Not least of the problems before the 22 nations which have asked to attend the meeting—among them the U.S. and Egypt (which have offered to store spent fuel), Brazil, Pakistan and USSR—is the question of convincing world opinion that it can have confidence in the integrity and objectivity of such a bank's decision-making machinery. Those opposed to nuclear energy can be relied upon to try to undermine that confidence right from the start.

After the revolution in Portugal

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THE MANY foreign owners of relatively small shares in property sequestrated during the revolution in Portugal are being advised by a leading business lawyer in Lisbon to sit back and wait. With luck, they may one day get some compensation from the Portuguese government. To incur legal costs in the pursuit of such compensation would be throwing good money after bad without a real chance of influencing the ultimate outcome.

But when it comes to big problems, like those of British Petroleum and Shell, which are threatened with a dramatic reduction in their share of the market, or of British insurance companies waiting for permits to transfer their profits to London, such a fatalistic attitude cannot be recommended. Here too, however, satisfaction is more a matter of politics than of law.

In many areas, the operation of civil and business law processes has been brought to a virtual standstill.

The civil courts are choked with a flood of claims for the repossession of property lost during the revolution and of petitions for divorce, which only recently became possible. Each of the civil judges in the Lisbon region had some 200 cases on his list during my recent visit there, and more cases were being added every day. The swelling of applications is not the only reason why the courts are jammed. Many judges, particularly those who were sitting in criminal courts under Salazar's regime, have left the legal profession and so have numerous attorneys labelled as supporters of that regime, particularly in the provinces.

Another aspect of the legal scene is an over-production of statutory regulations. The Official Gazette piles up in lawyers' offices with impressive speed but no one seems to pay much attention to it. New decrees are no sooner published than they are replaced or forgotten. Even government officials responsible for the operation of business regulations enacted "with immediate effect" have little hope of seeing some effects in the near future and candidly confess that they have not thought out certain crucial problems of their application.

Some of the new decrees, when applied selectively rather than generally, can be used by the Government to obtain a better deal from foreign traders and investors, by political parties to get rid of opponents or to buy support, and by officials, dealing with the numerous applicants, to obtain bribes.

A good example of such a multi-purpose regulation is Government Decree No. 247/78, which came into force on August 22, 1978. Until that day only pharmacists, grocers and supermarkets were subject to licensing. From that day no business may be carried on without a licence from the Ministry of Commerce. Agents, retailers, and even peddlers have to apply for a licence and will be granted one "if they operate satisfactorily."

The Government estimates that it will take up to three years to complete the screening process. During that time, most businesses will have to live from day to day and in the hope that their friends will remain in influential positions or that they will gain the favours of whoever will replace them. Those who wish to start a new business will have to overcome an additional barrier: their application will have to be recommended by the local trade association whose members are unlikely to welcome a new competitor.

The transient nature of regulations is the product of political changes; the hesitant attitude to their application is also due to the patchy control which the central government has over the country. The Communists' ability to resist the return of sequestrated land in areas which they control has been well publicised. But though the ruling "corporations" were disbanded together with Government controlled trade unions, the "gremios"—trade associations—which controlled business activity within their respective zones of interest, are not dead. In a country where business depends on political patronage, a revolution rarely changes this pattern: it only replaces one political patron by another.

While the licensing decree of August 22 applies to all business, foreign investments and co-operation, including know-how, patent licencing, and management contracts, have been subjected to a similar screening process by the Foreign Investment Code enacted a year ago by decree No. 348/77. All investments and agreements made before 1973 have to be registered by the newly-created Foreign Investment Institute and this provides for an opportunity of renegotiating them—and in particular of imposing an expiry date on agreements which were concluded for an indeterminate time. While inviting new investors the Foreign Investment Institute can disclaim all responsibility for the absence of any compensation for nationalised enterprises. This matter is said to be reserved to the central bank of Portugal.

The nationalised enterprises, ranging from banking to chemical and oil refining and including all forms of transport, suffer from poor management. Though some are said to be virtually disintegrating, the de-nationalisation of big enterprise is not a political possibility. Small enterprise is another matter. Here, employees, fearing the loss of jobs, often press for the return of the owners and managers whom they kicked out in the first period of revolutionary fervour. There is no shortage of examples. Lisbon's Ritz Hotel, as a national enterprise, rapidly lost its reputation and the government is now keen on having it taken over by Hilton Hotels, who, however, want to deal exclusively with the former owners. These, sensing that the government would like to get rid of a very conspicuously hot potato, refused to take the hotel back unless the Government also compensated them for the damage caused to the hotel while it was nationalised.

Though most of the difficulties are created for foreign investors by bureaucratic measures or by bureaucratic obstruction, there are also statutes which have a direct and unpleasant impact. This is particularly evident in the field of insurance. British companies, which have about 8 per cent of the Portuguese insurance market (amounting to £1.5bn) are very unhappy about the tendency towards a greater regulation of insurance contracts and in particular about the imposition of greater liabilities on the insurers without even consulting them. They smart under the 25 per cent increase in the scale of workers' compensations for injuries, unforseen when their liability policies were concluded.

The Portuguese National Insurance Institute is now moving towards the introduction of uniform marine contracts and of other standard contracts. This would be a big change for the British insurers, who so far have been able to translate their London contracts and have them approved. Still more worrying to foreign insurers are delays in the remittances of profits. It seems that applications for remittances of not much over £100,000 are approved with a certain delay and after satisfying numerous bureaucratic requirements. When it comes to figures four times that size, however, some remittances have been delayed for one year at least and there are fears that larger amounts will be subjected to some new regime altogether.

It can be seen that the shores of Portugal are littered with unfinished legal business. Each movement of the revolutionary tide washes away some and brings in other wreckage. But if not lawyers, then time certainly should heal everything. And quite a few investors seem now to be taking this optimistic view.

I should be back within next ten days, says Jonjo O'Neill

RACING

BY DOMINIC WIGAN

JONJO O'NEILL, the record-breaking champion, is confident that he will be race riding again within the next 10 days. He said yesterday: "The X-ray on my broken arm proved satisfactory and I've been told I can probably resume riding within the next two weeks."

He broke his right arm in a fall at Kelso six weeks ago and is still in with more than an outside chance of retaining the jockeys' championship, which he won last season.

He lies fifth in the table with 17 winners, 21 behind the leader, Bob Davies, whose principal stable, David Morley, has been enjoying a fine run.

John Francome, Tommy Carmody, Jeff King and Stephen Smith Eccles separate O'Neill from the leader.

It is possible that O'Neill, one of the most popular champions from Ireland, will be back in the saddle on Saturday. Should Ian Watkinson travel south to ride Night Nurse in the Buchanan Whisky Gold Cup at Ascot, Peter Easterby would probably be keen for O'Neill to partner Sea Pigeon in the Fighting Fifth Hurdle at Newcastle.

In the last few days, Jonjo O'Neill has partnered several hurdlers in schooling for Sea Pigeon's handler.

News from the Tote, which has had an extensive list of prices on the Hennessy Cognac Gold Cup for a long while, is that Red Earl is all the rage. Formerly with Jack Berry but now trained by Steven Nesbitt, Red Earl has been reduced from 33-1 to 16-1 for the big Newbury chase on November 25.

Three other chasers who remain in strong demand for the 3¼-mile handicap are Ballet Lord, Bachelors Hall, and Strombolus.

Although down to 8-1 with the Tote, Strombolus continues to attract good money and it may be that the big ante-post firms will reduce their offers to 7-1 or even 6-1 within the next few days.

As expected, the concrete-hard ground conditions have again disrupted this afternoon's cards and Wincanton sees a walkover for the Maru Chase, which carries £1,100 in added prize money.

The safest bet at Wincanton is Hunter's Joy, who goes for the Mendip Hills Novices Chase.

WINCANTON

1.30—Wovoka
2.00—Kininvie
2.30—Hunter's Joy***
3.00—King's Singer**
3.30—Ski Shop*

TV/Radio

†Indicates programme in black and white

BBC 1

9.41 am For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.00 You and Me. 2.14 For Schools, Colleges. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Jackanory. 4.35 Emu's Broadcasting Company (EBC-1). 5.00 John Craven's Newsround. 5.05 *Blue Peter*
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Tomorrow's World.
7.20 Top of the Pops.
8.00 The Good Life.
8.30 Mastermind.
9.00 News.
9.25 Miss World 1978 from the Royal Albert Hall, starring Sacha Distel.
10.30 628-ES: "Omnibus" film *about a trip across Europe* in a vintage car.
11.00 Tonight.
11.40 Weather/Regional News.

All regions as BBC1 except at the following times:

Wales—2.14-2.34 pm I Ysgolion. 5.55-6.20 Wales Today. 6.55-7.20 Heddiw. 11.40 News and Weather for Wales.

Scotland—9.41-10.01 and 11.30-11.50 am For Schools. 5.55-6.20 pm Reporting Scotland. 11.00 Thursday Night. 11.40 News and *Weather for Scotland.*

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.00 The Fall and Rise of Reginald Perrin. 11.30 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); *Points West* (Bristol); *South Today* (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School (As BBC-1 3.55 pm).
2.00 pm *Tennis: The Benson and Hedges Championships.*
5.10 Open University.
5.35 News on 2 Headlines.
†5.40 Laurel and Hardy Showcase: "Our Wife."
6.00 Tammy Wynette.
6.25 Beneath the Pennines.
6.55 When the Boat Comes In.
7.45 Mid-Evening News.
7.50 Newsweek.
†8.30 *Midweek Cinema*: "Hud," starring Paul Newman.
10.20 Late News.
10.35 Accident.
11.25 Open Door.
11.55 Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 Topper's Tales. 12.10 pm Rainbow. 12.30 Toycraft. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 After Noon. 2.25 Fallen Hero. 3.20 Looks Familiar. 3.50 The Sullivans. 4.20 Children's Film Matinee: "The Treasure of the Golden Condor." 5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Bionic Woman.
8.00 George and Mildred.
8.30 TV Eye.
9.00 The Sweeney.
10.00 News.
10.30 Inside Business.
11.00 Rafferty.
12.00 What The Papers Say.
12.15 am Close: Derrick Gilbert reads a poem by Robert Herrick.

All IBA Regions as London except at the following times.

ANGLIA

1.25 pm Anglia News. 2.00 Women Only. 4.20 Spiderman. 4.45 The Flintstones. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Bygones. 7.30 Botanic Man. 10.30 Darts—Ladbroke British Matchplay Championship. 11.00 Mystery Movie—Columbo. 12.25 am Your Music at Night.

ATV

1.20 pm ATV Newsdesk. 3.55 The ATV Thursday Picture Show. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.30 Format V. 11.00 Movie Premiere: "Savage."

BORDER

1.20 pm Border News. 4.20 The Little House on the Prairie. 5.15 Laverne and Shirley. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Botanic Man. 10.10 Chuckle Inn. 11.00 Chopper Squad. 11.55 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 4.20 The Little House on the Prairie. 5.15 Cartoon. 5.20 Spiderman. 6.00 Channel News. 6.10 Link Up. 10.28 Channel Late News. 10.32 Sandokan. 11.00 Movie Premiere: "Gargoyles." 12.20 am News and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 4.20 The Little House on the Prairie. 5.15 The Bob Newhart Show. 6.00 Grampian Today. 10.30 Police Newsroom. 10.35 Sportscall. 11.15 Reflections. 11.20 Grampian Late Night Headlines. 11.25 The Practice.

GRANADA

1.20 pm This Is Your Right. 4.20 Spiderman. 4.40 Wayfavez. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Six Million Dollar Man. 10.30 What's On. 11.00 What The Papers Say. 11.20 Barnaby Jones.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Women Only. 4.20 Little House on the Prairie. [illegible]

[illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast
‡Medium Wave

5.00 As Radio 2. 7.00 Dave Lee Travis. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Tony Blackburn. 4.30 Kid Jensen. 7.30 As Radio 2. 10.02 John Peel (S) (also VHF). 12.00-2.02 am As Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Tony Brandon (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn [illegible]

RADIO 3 464m, Stereo & VHF

[illegible] concert, part 1: Mozart, Bedford (S). 2.40 Words . . . talk. 2.45 Nash Ensemble part 2: Schubert (S). 3.50 BBC Welsh Symphony Orchestra (S). 5.30 Harpsichord Recital (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 World Theatre: "The Burghers of Calais" by Georg Kaiser (S). 9.25 Music From Pebble Mill Concert, part 1: Mozart, Haydn, Leighton, Medtner (S). 10.15 Interval Reading. 10.20 Concert, part 2: Chopin. 11.05 Lies and Dreams by Cliff Ashby (reading). 11.30 Stephen Dodgson (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song.

RADIO 4

434m, 330m, 285m and VHF

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00 and 8.00 [illegible]

BBC Radio London

206m and 94.9 VHF

[illegible]

London Broadcasting

261m and 97.3 VHF

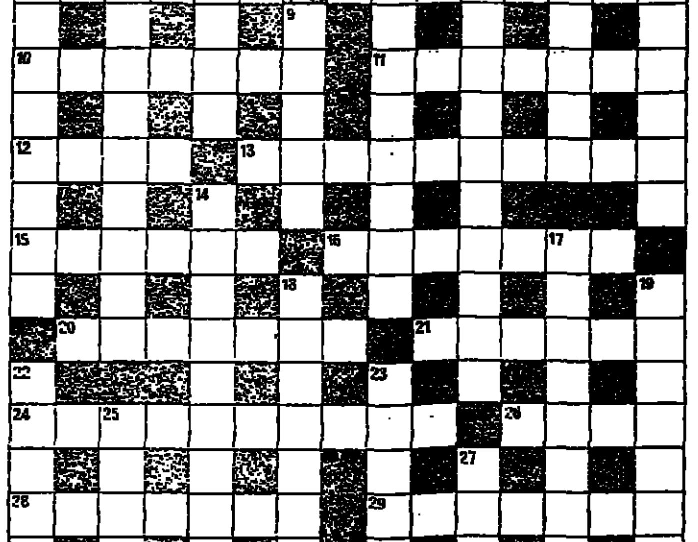
[illegible]

Capital Radio

194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,824



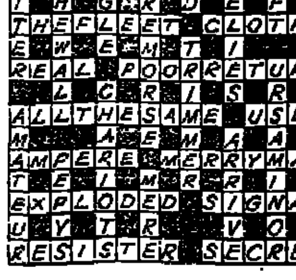
ACROSS

1 A material whenever you like (2, 4)
4 Fractionally depressed by minor sporting student (4, 4)
10 Lingered and became late about everything (7)
11 Recite when part of film is cancelled (4, 3)
12 Perform depressing key job in class (4)
13 Flighty female attendant (3, 7)
15 Disturbance during boat race (6)
16 Paid player to dust in advance (7)
20 *One way to kick off social misfit* (4, 3)
21 Even the East-end has a grievance (6)
24 Player who 19 goes from Neath to Reading (10)
26 First garden to be made out of converted enclosure (4)
28 Dress ornament to stretch over broken leg (7)
29 Range of direction finder (7)
30 Heed instructions to deliver message (4, 4)
31 French capital has comprehensive line up (4, 2)

DOWN

1 Accounts check on Circle Railway received by car (8)
2 Shakespeare might show determination (4, 5)
3 Beastly retreat left to ventilate (4)
5 Neat part of Scotland (8)
6 Clears extensive inducement to consumer (4, 6)
7 Fail to keep ring inside unattached (5)
8 Mischevious in not considering others beheaded (6)
9 Mingle with a dunderhead on motorway going to vote (5)
14 Bloomer letting break continue interminably (10)
17 Just placed to go on at underground conductor (5, 4)
18 Leave Split with former alternative to service (4, 4)
19 Tolerate wrong substitutes (6, 2)
22 Apple found in right useless group (6)
23 *Newsman one caught first and last creating order* (5)
25 Hit the bottle in the 4th row (5)
27 Novel heroine joining Pip for the afternoon (4)

Solution to Puzzle No. 3,823



ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the Box Office.

OPERA & BALLET

[illegible]

THEATRES

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

The male life figure of 1900 with its sculpture by its side

Museu1 of Modern Art, New York

The Matisse Collection

by WILLIAM PACKER

Perhaps · should expect no less of one the world's great capitals, biNew York at the moment affls the visitor many rare treatshe autumn season in the vis arts is now well under wayre private galleries up and dothe town full of life and intere-and more of them another r; Rothko is celebrated a the Guggenheim, Abstract Fessionism and miscellanies other extremely interestin modern American Art occupie Whitney: and the Tutankhal caravan at last is due to hat the Metropolitan.

This iso the time that the Museum Modern Art has chosen pring out its entire holding, prints apart, of the work of isse. as fine a collection as could wish to see by the artwho may reasonably be thor the greatest of the centuryade all the finer by inclusichere possible, of the works mitted to the Museum for theure by gift, bequest or speconsideration. The enlightenAmerican policy in its taxatio particular generosity towarollectors, would appear to be ng enviable dividends.

There of course some considers gaps still to be plugg the relaxed and intimate of the twenties, the womat home, the languid nudedalisques and dancers are esented rather more by the graphic work, here in particular by a splendid series of lithographs, than by major paintings: and we hurry through rather to the late papiers collés, to the Jazz suite of prints, and to the applied design for church vestments and stained glass, by-passing the painting of the forties almost altogether, a time when he returned to some of his early and most ambitious themes. The "overview of virtually every period" of the exhibition publicity does need a certain qualification.

A caveat, however, is not always intended minatorily, and mine must not be allowed to turn the prospective visitor away. The conspicuous strength of the Matisse collection lies in its coverage of the great early phases of his maturity as an artist, as he moved out of Fauvism—which too is somewhat lightly represented—into his own peculiar version, simple, decorative, oddly domesticated, never emphatically theoretical but for all that always very strong in statement and construction, of Cubism. From the Dance of 1909, and then the great Red Studio of a year or two later, a painting that lived for so long in a Soho club and finally slipped through our fingers only some time after the War, we follow an extraordinary sequence of masterpieces: still-lifes and portraits—Goldfish and Sculpture, The Blue Window, *and then the Parisian views and* interiors of the mid-War years, Notre Dame, The Piano Lesson, The Italian Girl and The Rose Marble Table. Finally there is The Moroccans, the most surprising and intriguing composition of all, with its ambiguous imagery, flattened space and its openly experimental and extreme tonality.

Marching in step with the painting in this remarkable decade is the sculpture, the exquisite La Serpentine of 1909, that so calmly picks up the rhythm of the more frenetic Dance nearby, the run of busts of Jeanette, and of course the first three of the four Backs. The last is with the others, *naturally, a later coda to* complete the set (we, too, have these magnificent reliefs, though they raised a storm when the Tate acquired them. They have just gone back on show, as have all our Matisses, in the early part of the rehang of our modern collections in advance of the opening of the Tate extension next summer).

A particular feature of the exhibition is the relation established between all aspects of Matisse's work, for the Museum has the great good fortune to possess, in a number of important instances, the paintings, sculpture and the drawings that circle around the same, or very near, pre-occupation. The display *makes the point unmistakable,* for what is perhaps the greatest of the earliest works, the Cézannesque male life figure of 1900, commands the entrance to the show, with its sculptured pair by its side, as in the picture.

Matisse is the most directly enjoyable and acccessible of all the great modern masters, for even at his most radical and experimental, even when his work might offend the fastidious for its apparent or casual incompleteness, it is never dificult, at least not us from our later vantage point; and there is always something to indulge the senses, whether it is the subject matter, the open admiration of women, the love of decoration, the clear and vigorous use of colour, or simply the more technical, painterly pleasures, the quality of the line, the mark on the paper, and the stuff of paint itself. Matisse, like all great artists, has soon become an academic industry in himself: but the simple pleasures remain to us whatever the increase to our understanding, and we must take full advantage of all the opportunities the industry engineers for us, of which this show at the Museum of Modern Art (until January 30) is a fine specimen.

ICA

The Immortalist

by MICHAEL COVENEY

There is a cabaret sketch that Mel Brooks used to perform—described at length in a recent New Yorker profile of the film star by Kenneth Tynan—in which a 2,000-year-old man wisecracks his way through a fairly serious interview. Albert Finney once went on holiday with nothing but a recording of Brooks's classic performance. This way be the inspiration for Heathcote Williams's sprightly piece, happily revived after last year's Oval House premiere with Janet Street-Porter quizzing Neil Cunningham as a 278-year-old man who has discovered the secret of time. What is the secret? "That there is no time. Time is a false alarm."

Janet Street-Porter and Neil Cunningham

The play takes the form of a television interview and, as such, is one of the most interesting the lanky, likeable Janet has conducted for some time. Mr. Williams, *of* course, is an accomplished revolutionary epigrammatist, firing off beautifully phrased ideas to challenge our notion of death as an inevitable consequence of life in much the same way as Joe Orton challenged conventional sexual morality in his plays. "Look, biochemistry has made death an offer it can't refuse, and you want to refuse it, why? You heard about the Last Supper? Now find out what's for afters. Or join the human race and die for a living. THEY WANT YOU DEAD."

Death, it seems, is part of a capitalist conspiracy which may be fought by cryogenics—"but why spend your life in a fridge lumbering people with your electricity bill?" But *278's chief* advocacy is reserved for denying the Old Reaper by hopping about a bit, appreciating the psychedelic properties of human excrement and taking only what nature gives you. There may be scientists seriously involved in the prolonging of active life, but their attempts to do so only *prove the probability of eventual* success.

Mr. Williams is a fund of unusual information and his verbal felicity a delight in itself. 278 quotes from literature to support his thesis that genius has been on to immortality for a long time, reeling off phrases from John Donne, Swinburne, *Shakespeare, Paracelsus,* Sir *Oliver Lodge and Woody Allen.* Mr. Cunningham is a precise and very funny interviewee and the seriousness (or not) of the venture may be measured by recalling that the piece inaugurated the National Theatre of Frestonia (three street, according to the programme, which recently seceded from the Ladbroke Archipelago).

Royal Court

Prayer for My Daughter

This vivid play by Thomas Babe was enthusiastically reviewed here by Michael Coveney when it played at the Theatre Upstairs. Now it has been promoted to the main auditorium, and I am happy to confirm his judgement.

Two New York detectives are grilling two suspects in a squad-room and the four hours of their encounter are outwardly all we see. At the end of it, Sean and Jimmy are taken away to be charged with the murder of an old woman. But in those four hours—two on the stage—we learn a great deal about the quartet. Kelly, one of the cops, has a daughter who at that very time is threatening suicide. Jack, the other, is a junkie and keeps the kit in his office desk. Sean, the elder of the suspects, is having a homosexual affair with Jimmy, the other, who is also a junkie.

The writing achieves extraordinary sensitivity with the impoverished vocabulary of the idiom, and by the end of the evening, with only occasional use of any kind of autobiographical outbursts, we know the deepest recesses of these men's characters. It is remarkable that, though we are attending a routine crime enquiry, all we are interested in is the private lives of the participants, and for this both the writer and the actors must take the credit.

The acting of the four players is exemplary. Donal McCann, the solid unemotional Kelly who prolongs the interrogation because he would rather do that than see his daughter in despair, keeps his deeper feelings only just out of sight, so that when he most unexpectedly seeks emotional relief by embracing the attractive, boyish Jimmy, the action does not seem improbable. The heroin-high Jimmy's subsequent scene with the stolen gun does, to my mind, strain a little the laws of credibility otherwise so truly observed, but Kevin McNally plays it with such certainty that it does not break the bubble of conviction.

Antony Sher as Jack, the more flambuoyant of the police, shows us a sinister game of alternating truth and pretence in his business of winning the boy's confidence: and as the educated Sean, the more colourful of the suspects, John Dicks brings some light to the otherwise grey scene with his consciously superior talk.

The direction is by Max Stafford-Clark.

B. A. YOUNG

Oxford Playhouse

Vandaleur's Folly

by MICHAEL COVENEY

The programme notes for 7:84 Theatre Company's touring production—stopping off this week in Oxford before continuing its tour of colleges, halls and clubs —are replete with worthy recommendations of the Ralahine Co-operative Commune as a successful experiment in Irish Social Democracy. I only wish that the play itself, by Margaretta D'Arcy and John Arden, was half as informative. Wishing to know more about the subject, I am left penning a review while hopelessly floundering through long quotations from Patrick Bolger, James Connolly and George Russell.

The narrative, which is either dense or incomprehensible depending on your tolerance level, charts the growth, life and dissolution of the commune as a bulwark against the incipient Orange Order of the early 19th century, feudal injustices and the slave trade. The revolutionary spirit is embodied in the feminist determination of an American idealist, Roxana, and Vandaleur's wife. Vandaleur himself is portrayed as a fatally weak do-gooder eventually seen gambling away the achievements of Ralahine in Dublin's Hellfire Club.

The production, by the authors, is framed in an enlarged Pollocks toy theatre, various scenes at the Shelbourne Hotel, on the southern Irish coast and in the commune, one dimensionally suggested by a succession pretty painted cloths by Jenny Tiramani. The cartoon style of presentation is beginning to look tattered and jaded, not at all helped by the irritant of an electric keyboard grumbling half-heartedly away beneath the dialogue. There are shafts of true poetic writing, but the whole never coheres into anything that does not assume an amount of knowledge and sympathy to the argument far in excess of that possessed by ordinary, unenlightened mortals.

Ri'rside Studios, Hammersmith

Domestic Dances and Rosemary Butcher

› Dance Umbrella sheltered aner pair of enterprises on Tday night. To get the worst o' with at once, I report that tl Rosemary Butcher Dance Cpany started the evening w four pieces—three by Miss Eher: one by Sue MacLennan —hich are the kind of things t give tedium a *bad* name.

he "company" amounts to six ɔng women with an innocent nner who are involved in erminable and restricted vement-walking steps, flaili arms, bdies slouching on top ι each other. This supposed 'ance" ooks imprecise, feeble ipulse, eedy and thin in style, th bodies hardly more extended an in the day-to-day actions ιich occupy us all.

The entire prtgramme seemed choreographic black hole in ace, in which energy, dynamics, le itself, were absorbed into a iank nothingness. I found the isplay inordintely depressing, nd unredeemed by any glimmer f feeling for ance other than s an arid, *glm manipulating* of young and rher inexpressive bodies.

Very differe: the *Domestic Dances* of Janet Smith and Robert North. These are concerned with charting the existence of a maried couple—the two choreogrher-interpreters are in fact married—and there is an attractive blend of humour and emotion to trace their story from meeting, marriage, enforced parting, misunderstanding and final happy union.

Emotionalism is all. To Skryabin preludues, which make up the most part of the soundtrack, Janet Smith shows precise and delicate dancing, well set off by Robert North's bravura and his rich, fluent style. Because the piece seems very personal to its creators, and because its domesticity refers both to subject and to expression, it has the air of a *piece d'occasion.* What redeems it is the sincerity of *performance; there is a feeling* that life has not yet been fully digested to become "art" and there is an immediacy and involvement about the work of both dancers.

The best moments are in an early solo for North and in a pas de deux which recounts a quarrel, set to the slow movement of Howard Blake's piano quartet. Here domesticity gives way to something essential abotu the two dancers, and the work escapes the confines of its title. It is, throughout, a well-danced piece, and can be seen at the ICA Theatre which is also part host to the Dance Umbrella season.

CLEMENT CRISP

Elizabeth Hall

Henze Quartets

Prolific as ever, and to some purpose, Henze in the years 1976 and 1977 wrote three string quartets (Nos. 3, 4, and 5) and a Sonata for solo violin. The four works were given on Tuesday evening at a concert organised by London Music Digest. The audience was woefully small (the reason for the smallness being presumably not Henze who has a big following here, but his media) yet judging from the rapt attention it con*sisted of people who wanted to* go. The artists were the Arditti String Quartet and the violinist Jenny Abel.

The three quartets are elegiac, written in memory of, respectively, the composer's mother, Victor Jara and Benjamin Britten. The prevailing moods are deeply introspective—these are the private, not the public Henze. No. 3 is a single-movement work, rather hesitant in tone (which does not mean uncertain), rising to moments of eloquence, dying away on a mournful viola—an instrument which Henze seems to love as well as Mozart. Since the composer rehearsed with them, the Arditti Quartet's performance *must be considered to bear the* imprimatur. The playing was admirably delicate and sensitive, but there wasn't quite the amount of dynamic contrast that appears in the score.

In No. 4, each instrument in turn dominates one movement, starting with the cello, working upwards. The cello's loquacious recitative produces comments from the remaining instruments in the most "advanced" language used in the three quartets. On paper the movement looks long but it sounds compact. The viola murmurs more gently under and about references to a Byrd Pavan—this at a first hearing is the only case of prolixity. The second violin then leads a dance of Bergian tenderness and grace. For a finale the first violin directs a Rondo improvvisato, for the most part selecting himself the material from a large number of "cells."

Both Quartet No. 5 (six movements) and the Sonata are to some programmatic, the former being described by Henze as a "diary" based on a long flight, an account of a dancer's "choreographic" dream, and a summer storm in Italy. The Sonata's three movements are named after shepherds in a 15th century *Favola d'Orfeo* and include reference to Monteverdi's *Orfeo* as well. The style is more extravert and Italianate than in the quartets—I promptly forgot both programmes and felt none the worse. The Arditti Quartet's playing grew more and more subtly shaded and tonally beautiful. Miss Abel did the Sonata with great fluency. Not many composers today write so much chamber music of such quality in so short a space of time.

RONALD CRICHTON

The Royal College of Music

College Concert

by DOMINIC GILL

Instead of returning to the Round House, the BBC have had the much better idea this season of presenting part of their contemporary music series (another part goes to the Riverside Studios at Hammersmith) around town in the concert halls of the various schools and *colleges of music.*

It is an interesting series, shared between the BBC Symphony Orchestra and the London Sinfonietta, which gives particular emphasis to music by Stravinsky and Harrison Birtwistle, as well as presenting the premieres of a pair of new BBC commissions from younger composers. The most recent work of Tuesday evening's programme, the second of the series, was *I Am Goya* by Nigel Osborne (b. 1948) — a short setting of a poem by Andrei Vozsnesenski for bass-baritone, flute, oboe, violin and cello, spare and beautifully pointed, deft and economical in its *colouring* and shading of the words.

It proved indeed to be the evening's high point. Alexander Goehr has written good music: but his Chaconne for 18 wind instruments, produced in 1974 for the centenary celebrations of Leeds University, is surely the least impressive work he has ever composed—18 minutes of sub-standard, sub-academic burbling of the smallest perceptible spirit or heart. The flute concerto (1975) of the Soviet composer Edison Denisov, here given its premiere, is a good-natured pot-pourri of styles and *post-war manners, interesting to* hear, easy to forget. The short, late (1963) Stravinsky canata for baritone and chamber orchestra *Abraham and Isaac* made a good finale: and would have been more effective still, if the performance under Lionel Friend had bristled with more spring, more lively rhythmic attack.

The next College concert, on December 12 at King's College, London, includes the first of the new commissions, and works by Hoyland, Boulez and Messiaen.

'An Evening with Mr. Acker Bilk'

Apart from the usual Sunday jazz brunch sessions this month, the Portman Hotel is having *An Evening with Mr. Acker Bilk* on Monday, November 20. Appearing with the clarinettist will be his Paramount Jazz Band. Cost, including entrance fee and dinner is £14.50.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000

Thursday November 16 1978

Some wishful thinking

THE OFFICIAL mid-year economic forecast, published yesterday, is not a very helpful document. It is built on assumptions about pay which will widely be regarded—especially this week—as the merest wishful thinking: and this in turn must cast doubt on the figures for the exchange rate, interest rates—and hence public sector borrowing—the growth of consumer spending, imports and profits. No information is given about the effect of different pay assumptions on the forecast. Users of the published Treasury model can make their own estimates, but use of the model itself is dependent on judgments which may not be shared in Great George Street.

Judgment

It would be easy to accuse the Treasury of deliberate obfuscation, fulfilling the letter but not the spirit of the Bray amendment to the Industry Act of 1975, which required the publication of models and forecasts. What is likelier is that Dr. Bray and his supporters have greater faith in the accuracy of model-based forecasts than does the Treasury itself. Policy has always leant more heavily on judgment than on mathematics; and it is in fact possible to get some feel of official judgment even from an unrealistic forecast.

The conclusion seems to be that the optimistic assumptions built in to the official forecast are balanced by pessimistic judgment — the forecast is wishful but gloomy. This emerges clearly both from internal evidence and from comparison. The internal sign of gloom is that even with low wage rises and a sharp fall in the growth of consumer spending, there is no forecast improvement in the balance of payments and no apparent fall in the inflation rate.

This is puzzling in itself; and what is equally puzzling is that outside forecasters such as the London Business School and some users of the Treasury model have recently produced forecasts which are very similar in "real" terms to the wishful Treasury forecast. Optimists may conclude that the prospect for some growth and a reasonable balance of payments is safe even on realistic assumptions about costs; but it is worth stressing that if outside assumptions about costs and inflation are right (both in the 10-12 per cent range rather than the Treasury's 7-8 per cent), but underlying official judgments about competitiveness are well founded, then the out-turn will be a good deal worse than the already uninspiring picture shown in both sets of forecasts. It is at any rate unlikely to be better.

What seems likely is that the Chancellor is being offered a gloomier picture than that now published of the prospect before us, and must frame his policies accordingly; indeed, his approval of the rise in minimum lending rate last week shows far more concern about an unsustainable growth of credit and demand than could be justified from examining the Treasury forecast. He has already said enough to show that Treasury reflexes have not changed over the years; if demand threatens to rise above the path ordained by the demand managers, it must be checked. A rapid rise in wages has this effect in the short run, so a fiscal deflation might well be thought necessary to hold the economy on the forecast path.

The economic logic of this approach is questionable: except in the short run, a rise in costs within an unchanged monetary environment is likely to prove deflationary, as Mr. Healey has warned us. This will happen rather quickly if monetary policy continues to be aimed, as at present, at an unchanged effective exchange rate: an exchange rate overvalued in real terms may be bad for the balance of payments, but it is undoubtedly depressing for activity, and cost inflation with an unchanged rate has the same effect on output as a rise in the exchange rate.

Wrong reasons

However, at present Treasury thinking may be pointing to the right policy for the wrong reasons. There is one rather alarming figure even in the wishful forecast: a public sector borrowing requirement unchanged, on present policies, as a proportion of GDP. With higher inflation and higher than forecast interest rates, the PSBR will rise. The present contradiction between fiscal expansion and monetary restraint will become still sharper and more painful. A better balance could prove a stimulus. In that respect, and that only, the forecast is helpful.

A weapon in the trade war

THE USE of subsidies to create or preserve jobs in one country at the expense of increasing unemployment in another is, regrettably, a common practice in international trade. Politicians will agree in principle that the process is self-defeating, but the kudos attached to a big export order or a large new investment is hard to resist. The only way of bringing this kind of competition under control is through international agreement and some modest progress along these lines is being made.

Industrial subsidies are an important item on the agenda of the multilateral trade negotiations in Geneva: the Americans have been pressing hard for a code which, at the very least, would make the use of subsidies more transparent. In the field of export credit there is a gentleman's agreement among the main exporting countries and, again, the U.S. has been seeking to stiffen its terms: some recent deals, especially in the sale of aircraft and aircraft engines to the U.S., have looked extraordinarily generous.

Another area which looks in need of strengthened international control is the business of attracting inward investment. In a speech in Washington this week Mr. Fred Bergsten, Assistant Secretary for the International Affairs at the U.S. Treasury, called on other countries to start working towards a new set of rules on investment. While "no global crisis" yet existed, Mr. Bergsten said, there had been some "nasty clashes." The implication of his remarks was that unless the problem was tackled soon, competition for foreign investment could become an increasingly dangerous weapon in the trade war.

One case which Mr. Bergsten mentioned was the $68m inducement with which the Canadians persuaded Ford to establish a new engine plant in Ontario rather than in Ohio. Another was the package of incentives which the British Government offered the Swiss pharmaceutical company, Hoffmann la Roche, in return for setting up a new vitamins plant in Scotland. This was regarded as a great entrepreneurial triumph by officials at the Department of Industry: Mr. Bergsten's sour reaction is a reminder that such internal successes can have international repercussions.

The practice is not confined to the industrial countries. In the developing world there is a bewildering variety of carrots and sticks, some of which are of questionable economic value to the countries concerned. Since most of these countries want foreign investment, it is often possible for international companies to play one off against another, but it is not clear who benefits from this auction, least of all the taxpayer in the host country.

In the UK there is the added complication stemming from the activities of the National Enterprise Board and the various development agencies in Wales, Scotland and Northern Ireland. These bodies, particularly the regional agencies, have a mixed social and entrepreneurial role. In some cases they seem willing to take very great risks with taxpayers' money—another form of industrial subsidy.

There are obvious national arguments for subjecting this sort of deal to much closer scrutiny, but it would be made easier if, as Mr. Bergsten suggests, there were some internationally agreed guidlines on inducements for inward investment. It is possible to make some progress in bilateral negotiations, and Mr. Bergsten referred to the recent agreement between the U.S. and Singapore, covering investment rules as well as tax matters. But more needs to be done on an international level. Three years ago there was an agreement among the member nations of OECD that incentives to foreign investment should take account of potential damage to trading partners; this agreement now needs to be strengthened and made more specific. Mr. Bergsten's proposals deserve a positive response from Western Europe.

Pay policy now goes naked into the bargaining chamber

BY CHRISTIAN TYLER, Labour Editor

ON THE eve of the TUC's special general council meeting to consider the statement produced by their negotiators and a Ministerial team headed by the Chancellor there was detectable unease, certainly on the Government side, about what would come out of it. In so far as anybody was saying anything—and the secrecy surrounding the negotiations was considerable—they were warning that perhaps more time was needed. Few could have predicted that the unanimous recommendation of the TUC's six negotiators, and the approval, without a vote, of the economic committee would have fallen as they did to a 14-14 vote on the general council a few hours later.

These warnings appeared to reflect Ministerial dissatisfaction with the statement as a whole: a document that was solemn, but not binding, and likely to be denounced as a facelift for the "special relationship" between the Labour Government and the unions in spite of the Prime Minister's promises that he was not interested in cosmetics.

When the agreement was put before the members of the general council on Tuesday similar anxieties were expressed. If Ministers felt the TUC was giving them very little, some of the union leaders felt the Government was giving them even less. When the documents were published that night, they evoked much public comment to the same effect: namely that they would not have made any difference to the winter wage round.

Mr. Len Murray, TUC general secretary, urged his Press conference not to exaggerate the importance of the statement or of its failure. "We didn't see this as the best thing since sliced bread," he said. Yet there was no disguising his dissappointment nor the Chancellor's acute embarrassment that the concordat had fallen at the final fence.

The shock of failure was perhaps less obvious at Congress House. At Westminster it has been considerable, and for all the talk of letting the dust settle before trying again, Mr. Healey accepted yesterday that the TUC just does not want to re-open talks on this particular agenda. The first reaction at the House of Commons was that the Government had been side-swiped, suffering possible future electoral damage in the process: after all, one of the strongest cards in the Labour Government's hand has always been its ability to "get on with the unions."

Mr. Callaghan himself has the advantage that he was not involved in the talks after the first encounter: he was to have come in and delivered the final judgment to the country. As it is, any mud that is thrown will stick to his Chancellor. Mr. Callaghan has always measured his incomes policy tactics against public opinion at least as much as against TUC opinion. The polls, including the latest one in the Daily Express yesterday, continue to show that playing tough with the unions on pay is popular (it is rarely unpopular, for that matter). To that extent, the Government could gain by its defeat at the hands of the TUC. There will be less ambiguity now about the incomes policy.

But the disagreement cannot be papered over so easily. Mr. Murray is right and the Chancellor is right: the fundamental dispute about the *method* of controlling inflation, not the aim itself, was never likely to be resolved even though the TUC certainly bid hard to get the Government to switch its attack away from pay and on to prices and to give up the 5 per cent limit. However there must be serious doubts that the protagonists in pay bargaining, far removed from the intricacies of the TUC-Government dialogue as they are, will see Tuesday's vote as a simple expression of the status quo.

Licence for militants

There could be real repercussions on the shop floor, where the TUC's decision will be read by the militants as licence to bargain for all they are worth. Mr. Murray does not think that there will be an explosion: "I don't see British industry going up in smoke," he said after the general council meeting. But he did admit that there would be more "aggravation" on the industrial scene than there would have been had the proposed guidelines for negotiators been accepted. By the same token, those who forecast almost the moment the 5 per cent policy was unveiled that Britain was in for a "winter of discontent" will have no reason now to change that view.

If the statement had been adopted, it would have legitimised Government relaxation of the policy in some important cases. Most obviously, public service workers—and there are over 1½m of them hitched to a 40 per cent pay claim with contingency plans for joint industrial action—would have been able to argue "comparable earnings for comparable work." The Government, said the statement, was prepared to recognise special increases for some groups provided they were staged increases. In other words, the Government was making explicit its readiness to find a safety valve if confronted by Mr. Alan Fisher's low-paid manual workers in the National Union of Public Employees. Mr. Fisher votel against the statement.

Again, the Government will find it less easy now to justify withholding sanctions against companies that pay over the odds: it the statement had gone through it could have pointed to that message which said: "In considering discretionary action the Government will take into account the price consequences of that settlement as one relevant factor."

In practice Ministers have already shown latitude, for instance when last year's Ford settlement was allowed through, partly on the grounds of the company's profitability. But the statement would have put these considerations on the record, establishing the price effect of wage bargaining as a central feature of the guidelines.

Agreement or no, the pressure this year could force the special Cabinet committee on pay to grant further dispensations, even when a "special case" as provided for in the White Paper has not been made out. The settlement at Vauxhall Motors, of 8.5 per cent *plus* productivity payments ranging up to £10 a week will be only the first test of Government resolve. Ford Motor's settlement cannot be far off. Scottish road hauliers, threatened with a strike if they do not go above 5 per cent have been told that the Price Commission will use its controls to restrict haulage rates if they give in. These negotiations are setting the pace for 500,000 drivers throughout Britain who have claimed 20-30 per cent. British Oxygen workers have been offered 8½-9 per cent. Michelin tyre workers 9 per cent, linked to higher productivity. The miners will later this month formally enter their claim for 40 per cent, the increase to run for only eight months from March next year, and Mr. Joe Gormley has said there is "no chance" of 5 per cent being accepted. Power workers' delegates meet to-day to draw up their claim: whatever they decide they will not ignore what the miners are doing, nor be short of envy for the miners' bonus payments which some of them see as quite undeserved. The fact that the unofficial shop steward committee in electricity supply has called for a "substantial" increase, without putting a figure on it, was seen as a hopeful sign by Mr. Frank Chapple of the electricians who does not want a fight with the Labour Government.

Despite the rumblings and the big pay claims—not to mention the extraordinarily precipitate strike called by the Bakers Union in spite of an 11 per cent pay and productivity offer—employer organisations report an unnatural lull this year. Large numbers of workers are holding back. In engineering, for instance, the Ford negotiations seem to have frozen many smaller companies' negotiations.

Endorsement of disputes

Elsewhere, the TUC-Government discusions seem to have persuaded employers to wait and see. With the Ford talks going again and the TUC talks finished, things may start to move rapidly in the next few weeks. At the same time, the level of strike activity appears to be higher than at this time last year, when the same delays were noted, the same pay breaches occurred, but the pay round settled down fairly smoothly until the firemen burst out with their first national strike and became the first big "special case" of Stage Three. Three of the big unions confirm that they are receiving more requests for official endorsement of disputes than last year. Settlements are few and far between, but of those reported to the CBI the great majority are said to be consistent with Government policy. It may be, of course, that companies which have paid more are just not reporting the fact.

The industrial implications of Tuesday's vote at the TUC have yet to be seen. Even when the round is over and the final earnings figure computed, it should be judged not against the 5 per cent limit but the unwritten 7 or 8 per cent "target"—no-one will be able to say with any confidence what might have happened had the TUC's guidance to negotiators been adopted. But there are one or two obvious casualties already. First, the TUC's influence on Government policy-making has been weakened, as Mr. Murray has said. Employers will not be upset about that. Secondly, the further mapping out of Congress policy on "normal and responsible collective bargaining" has been stifled. This will be seen by [illegible] of collective bargaining as the greatest loss: the opportunity to encourage the hard bargaining against the fully disclosed financial circumstances of individual enterprises rather than bargaining against some national "going rate" or Government-determined norm.

Finally, the long-term reform of collective bargaining the Government hoped for—for which the Conservative Party and CBI have drawn up models already—may have been considerably postponed. The TUC and Labour Party are still committed to seeking a broad understanding on pay each year, and no doubt it will be discussed again, but the climate now looks most unpropitious.

Opponents of wage restraint who see this as the end to discussion of a permanent incomes policy will be pleased. Those who actively favour the idea of free collective bargaining, like Mr. Tom Jackson, this year's TUC president, have been left utterly dismayed.

After the "no"-vote: the Chancellor and Mr. Roy Hattersley, the Prices Secretary (top), face newsmen on Tuesday evening, while Mr. Len Murray (centre left) looks [illegible] at his Press conference the same night. Leaders of key unions in this winter's wages [illegible] include Mr. Moss Evans of the Transport Workers (centre right), Mr. Alan Fisher of NUPE (bottom left), mine workers' president Mr. Joe Gormley (bottom centre) and Mr. Frank Chapple of the EPTU.

MEN AND MATTERS

Ferranti sniff Arabian ether

BBC1 had some unusual viewers the other day—a group of engineers in Cairo. The European Space Authority's experimental satellite, OTS, had been twisted in their direction in an attempt to encourage the Arabs to buy one of their own. But there were fewer viewers than expected. The Sadat-Begin talks led most countries due to share the so-called Arab-Sat with Egypt to boycott the demonstration, I learnt from John Penney the new managing director of Ferranti's microwave division.

Ferranti are hoping to sell the Arabs their small satellite receiving station. But Penney foresees some problems. With Arabs at odds both on land and in the ether it is questionable how they can agree in space. In any case, Penney fears that the U.S. is likely to win the contract. "The UK is traditionally out-manoeuvred and it is interesting learning how and why," he says in explanation for his last few years as group marketing manager of Microwave Associates, the UK subsidiary of the U.S. firm MACOM.

He is discreet about what exactly are the "how and why," but is revealing about the curious new world of microwaves. It is, it seems, almost a family affair. The main competitors all sell one another parts and the best engineers in the world are few and all know each other.

"They talk with their colleagues in the USSR too," he said to my surprise.

I was also struck to learn that engineers from competing companies set up joint working parties which were not publicised to their managements. Would he seek to change this now he had himself become a general manager? "You cannot tell engineers not to talk to each other. There are rules to the game. If you give, you later get something back."

"I'll be with you as soon as I've got the manager's foot out of his mouth!"

Some of the who

Are journalists any different from anybody else? Should some expect to hide details of their own life while they fearlessly/fearfully expose the doings of others? Our opinions, it seems, are divided. Of the 600 people approached for the Who's Who in Financial Journalism only 230 provided details of themselves. But the rest are listed and the book should "take away the mystique of public relations companies which are paid huge retainers merely because they know a few journalists."

So I was told by Roddy Dewe and Nico Rogerson, publishers of the guide—and themselves PR men on the corporate level.

They plan to make their slim volume an annual one, with the odd pages of updating. These are going to be necessary if the rapid changes in the editorship of Victor Matthews' forthcoming Financial Weekly are any indication.

Richard Milner of the Sunday Times had been due to *take the helm*, an addition to Who's Who in Financial Journalism informs us. But this is already out of date. Bill Davis, editor in chief of the Financial Weekly, tells me they have had second thoughts as Milner wanted "a huge staff of 40-50 writing journalists." "As long as we have some staff," is the wistful comment on this from Michael Blanden of the Financial Times, who is now to edit the new publication.

Family fanfare

The Incredible Hulk of penicillin is bursting from the cover of the latest issue of St. Mary's Hospital Gazette, scattering germs before it. Yet for all penicillin's value—Churchill once described the lives saved by it as one of the three vital factors contributing to the Allied victory—the 50th anniversary of its discovery is passing virtually unheralded. In wheat is almost a comment on our times. Mickey Mouse has had his 50th birthday feted in Britain while the first of all antibiotics has not.

St. Mary's, where Sir Alexander Fleming made his discovery, has mounted a small exhibition for the occasion and is holding what its Medical school secretary, Keith Lockyer, describes as "family celebrations."

"We made the 25th anniversary a massive fund-raising occasion. Now we want to delay until our rebuilding plans are clear and we can make a general appeal based on our record." St. Mary's, whose Paddington buildings date back to 1854, has been "effectively condemned for fire and structural reasons," Lockyer tells me.

However, 8,000 miles away Mauritius has considered the shy Scot's discovery sufficiently important to issue a set of four stamps. Had the Post Office considered doing the same? "Oh, penicillin was included with radar, the jet engine and television in the British discoveries series of 1967. But maybe we will record the 100th anniversary of Fleming's birth in 1981."

Short shrift

Renee Short, Labour MP for Wolverhampton North-East can draw some consolation from the fact that she is not alone in having to eat humble pie about Aims, formerly Aims of Industry. In the High Court yesterday *she swallowed her words* about Aims being a "hanger on of fascist groups" and agreed to pay costs, following in the distinguished footsteps of Anthony Wedgwood Benn ("sincere apologies," 1974) and Sir Harold Wilson ("It is not the case that Aims of Industry have ever contributed any money to the Tory or any other political party," 1969). This last is thought to have been the first time Wilson, not a good loser, donned sackcloth and ashes.

Aims' director Michael Ivens tells me he is not certain how much its latest unwilling contributor will be paying. "On this occasion we have not sought damages," he says with the generosity of the triumphant. "That doesn't mean we won't in future. Others may not get away so lightly."

Happy hawker

A colleague tells me that while visiting an elderly aunt last week he was about to comment on the number of carpet sweepers around the house when there was a knock at the front door. His aunt answered it and was greeted by a young man with a carpet sweeper under his arm who smiled charmingly: "Well, Miss Tansley, here I am again!"

Observer

ECONOMIC VIEWPOINT

The case for the Italian band

THE EUROPEAN Monetary System will not go away in 1979, even if it starts without the UK—and perhaps without Italy as well. The Governments remaining outside the system will be pledged to continue negotiations on outstanding problems with a view to eventual entry. The British Government has already accepted the principle of the EMS and will be expected to negotiate in good faith.

There are undoubtedly those in London (and even Paris) who hope that France will have to leave the new system, as it did the earlier enlarged "snake," thus demonstrating its unworkability. But it would be rash to count on the French obliging in this way. There is a real chance—to put it no higher—that the Giscard Government will stick to its new economic policy and remain a member.

Moreover the economic performance of the UK will be compared all the time with that of the EMS countries. No greater mistake is possible than to imagine that staying outside will allow the British authorities to go back to the demand management policies of the 1950s and 1960s—aimed at spending ourselves into full employment—with perhaps import controls thrown in as well.

The Prime Minister and Chancellor are well aware that turning their backs on the European Monetary System is not a soft option: and indeed their policy seems directed at maintaining a higher sterling exchange rate outside it than would have been likely inside. They do not need to be told that a strong pound is the best effective barrier against inflationary wage rises in the corporate sector.

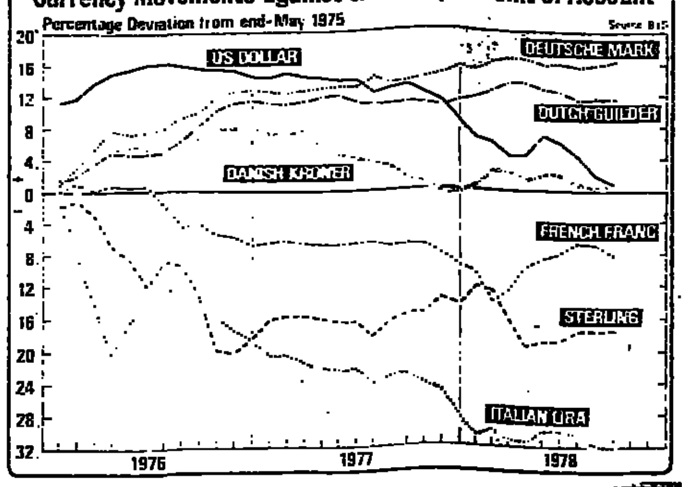
Where however they have not been so wise is in the questions they have chosen to emphasise for discussion with the likely EMS members. The British have a strong case on the unfair and growing burden of the transfers through the EEC Budget. But this is a matter which has to be taken up anyway and is not so very relevant to the exchange rate system. The emphasis given by the UK to the credit mechanisms to meet so-called swings in the balance of payments is also exaggerated. Such credits can at best postpone exchange rate changes which become all the more disruptive for being delayed. Nor is the continued harping on symmetry of obligation of strong and weak countries helpful. In practice it is becoming just an attempt to press the Germans to inflate more than they would do otherwise.

The Italian Government tends to side with the British on these negotiating points as does the Irish. But instead of just sticking to the familiar treadmill, the Italian authorities have also come out with another idea which would provide a transitional formula for countries unwilling to take on the full obligations of membership immediately. This is for wider margins than those planned by the hard core of existing snake countries plus France, who are already committed to EMS.

This proposal, if interpreted in the right way, would provide a moving band for the exchange rate. It would in fact serve UK interests extremely well. Even at this late hour the British Government should be asked to think again about its outright rejection of the idea, for a wider band could provide a formula by which the UK and Italy could both join the EMS honourably —and the Italian Government is increasingly reluctant to join without Britain. Even if it is too late for this, the formula could provide a working rule for a transitional exchange rate policy outside the EMS with the aim of eventual membership.

The EMS scheme agreed in Bremen follows the existing snake. Neither the strongest nor the weakest currency may be more than 2¼ per cent away from the central rate established between them, thus giving a total band between the two of 4½ per cent. The Bremen communique mentioned that countries outside the present snake could opt initially for wider margins. The Italians proposed 8 per cent on either side of the central rate. The Germans and the French have agreed to a margin of 4½ per cent—giving a band with a total width of 9 per cent—for a transitional period of three years. There might be intervention earlier on related to the distance of the outlying currency from the average established under the European Currency Unit (ECU) formula. But there would be no commitment to defend parities until the limits of the band had been reached.

There is sufficient room for manoeuvre here for any country not bent on a violent monetary explosion. A further appreciation of sterling is neither likely, nor is it an aim of UK policy, which is to minimise depreciation. It would therefore be sensible for the UK to fix its "central rate" for sterling well below the market rate, while still remaining within the band. For instance, the central rate could be fixed 3½ per cent below the market rate. In that case sterling could *depreciate* by up to 7½ per cent against the mark or *appreciate* by 1½ per cent, without having to change the official parity.



Currency Movements against the European Unit of Account

One great advantage of such a wide band is that the exchange rate could for all intents and purposes continue to float, whether "cleanly" or "dirtily," during the transitional years. *Parity changes could be made within the band itself, and without affecting the market rate.* There would be thus neither a one-way option for speculators, nor the need for the Government to choose new parities on the basis of fallible and controversial economic forecasts. All that would be required would be occasional announcements of new central rates before the market rate approaches the permitted margins.

The case for this moving band depends on it being a transitional system *en route* to a commitment to the narrower EMS margins and eventually a genuine European monetary union. The basic argument for it is (a) that there is no lasting gain to output and employment, and quite probably a loss, from following inflationary policies; but that (b) there would be a large transitional employment cost if there were to be too abrupt change from a UK monetary policy geared to an inflation rate of about 8 to 10 per cent, to one geared to a German type inflation rate of 3 per cent—or even to the 5 per cent which is the French Government's private inflation target for end-1979.

The essential accompaniment of a moving band would be a series of declining annual monetary targets over a three-year horizon to reach a level low enough to accept full EMS obligations and to do so without leaning on the Germans to inflate. Without such policies one would only be using the moving central parity to deceive ourselves. But with the internal monetary accompaniment, wider bands have a great advantage over the suggestion frequently made of a predetermined downward crawl. Such a crawl presumes an ability to predict appropriate exchange rates which forecasters simply do not possess, whether they look at money supply or international labour cost differentials. Wider margins operated in the way I have suggested would provide for a permissive crawl by means of changes in the central parity; but there would be no pre-announced path for the exchange rate.

Unfortunately the lack of official British interest in a moving band appears to onlookers to contain an element of hurt pride, a refusal to be put into a second league or peripheral group alongside the Italians. Nothing could be more inappropriate. It could just as easily be argued that wider margins reflect the special position of sterling as an international currency affected by other considerations than pure cost comparisons. But prestige language is best avoided altogether. There is now a common Anglo-Italian economic sickness. When there is just as big a question mark over whether an aircraft will be allowed to take off from Rome and whether it will be allowed to land at Heathrow, neither country can afford superiority feelings at the expense of the other. To the postwar British generation the British Empire is as much a thing of the past as the Roman Empire to present-day Italians.

The crucial question is the less glorious one of whether Governments would have the honesty to move the bands in good time if the market exchange rate began to approach the limits: and whether they would be content to influence the sterling rate indirectly by monetary policy rather than by intervention, borrowing and controls. Apart from the crisis of confidence in sterling and the lira in 1976, a moving band of 9 per cent would have been sufficient to accommodate most of the EEC exchange rate movements that actually occurred: and the general desire is to avoid another 1976.

QUITE APART from the special difficulties of Britain and Italy, there is a separate threat to the cohesion of even the hard core of committed members. It is the impact of outflows of funds away from the U.S. dollar.

Such outflows do not affect Community countries uniformly, but more differentially in favour of the Swiss franc which is outside the Common Market, and the German Mark which is inside. In times of dollar weakness the Mark tends to appreciate not only against the dollar but against other Community currencies and by an amount larger than justified by inflation differences. This at any rate is what the Germans believe, and is one of their main motives in setting up EMS.

The mere announcement of "fixed but adjustable" parities in the new system will not, however, be sufficient to prevent the Mark appreciating in this way. Why should an international trader or an OPEC holder give up his preference for the Mark simply because an EMS of problematic duration, has been announced?

This "problem" can be resolved in the end only by a genuine monetary union in which Marks, francs, guilders and so on were simply local names of a single currency. But a very useful intermediate step has been suggested by Prof. Nils Thygesen of Copenhagen, a leading expert on Community currency matters.*

He suggests that deposits denominated in the terms of the ECA "basket" of currencies should be available to holders of funds outside the Community. Such deposits, or longer-term securities, would guarantee for instance, OPEC members, against fluctuations in the relative value of any one Community currency, although not of course against fluctuations of the value of the basket itself.

By itself an ECU alternative for reserve holders would increase pressures on the dollar. It would therefore be a good idea to introduce at the same time a "substitution account" in which non-Community holders of dollars could exchange them for ECUs. Such an arrangement has of course often been proposed in the IMF under which dollars would be exchanged for SDRs. Neither method would be black magic. U.S. debts would simply be transferred from existing holders to an international group. The terms on which the new owners would continue to hold the debt would be a matter of negotiation with the U.S. authorities: but there would be presumably an understanding that would make these holdings more stable than existing dollar balances.

An imaginative offer of this kind would be a contribution both to the dollar problem and to the tendency of the Mark to appreciate by amounts which German producers consider excessive. This is an immediate rather than a long term matter and will have to be tackled irrespective of who exactly is in the EMS on Day Number One.

*"A European Monetary System: The Major Issues after Bremen." Inst. of Economics, University of Copenhagen, Studiestræde 6, DK-1455, Copenhagen K, Denmark.

Samuel Brittan

Letters to the Editor

Mediaeval solutions

From the Managing Director, Donald Jacob Associates

Sir,—"The King sent proclamation into all counties that reapers and other labourers should not take more than they had been accustomed to take under a penalty appointed by statute. But the workmen were so uppity and obstinate that they would not listen to the King's command, but if anyone wished to employ them he had to give them what they wanted to satisfy their lofty and covetous wishes or lose his fruit and other crops.

"And when it was known to the King that some had not observed his command, and had given greater wages to the labourers, he levied heavy fines on abbots, priors, knights and other great folk and small folk. . . ."

For "The King" substitute Mr. Dennis Healey in this description of the wage freeze—wage explosion—Government sanction cycle, by Henry Knighton, a mediaeval chronicler writing of an inflationary period 600 years ago following the Black Death in 1348.

While present solutions do not appear to have altered significantly let us hope that they will not be followed, as previously, by a "100 Year War" with the EEC.

onald Jacob.
ianus Close,
innal Avenue,
irrogate, Yorks.

The plight of landlords

om Mr. H. Spence

Sir,—The plight of private landlords has been highlighted in Mr. R. Jensen's letter (November 9) who mentions that many of this group are "impoverished resident old age pensioners." I would however submit that with few exceptions private landlords do not fall within this category of citizen and their situation is not such that requires government financial assistance. A great many landlords of controlled tenancies comprise investment companies and wealthy individuals who have purchased at prices which wholly reflect the fact that they are subject to controlled tenancies in the region of 25-40 per cent of vacant possession value, the precise figure often sadly dependent upon the age and life expectancy of the sitting tenant. The uneconomic initial return upon the investment is more than compensated by the massive increase in capital value when vacant possession is obtained.

H. J. Spence.
7, Hood Avenue, SW14.

Nuclear power

From Mr. R. Mulhallen

Sir,—I rather took exception to your "opinion-forming" leader "The power of emotion" of November 7. You argued that greater public education is needed to win over support for nuclear power programmes.

While the nuclear physicist is obviously the better-informed in this subject how is he in others like biology and ecology? As the Windscale inquiry showed, ... is not able to make cast-iron guarantees regarding the safety of the natural environment and the life-forms it supports including us. I suggest that the leader-writer has no grounds either to feel confident on these issues or advocate such views in print.

The reference to the "lunatic fringe" should be placed in perspective too. Perhaps the nuclear worker is the greater fanatic when driven by career aspirations or anxieties to dismiss facts provided by other scientists who have looked at the terrible effects of nuclear contamination on life-forms—again, biologists and ecologists.

Another editorial could more credibly be written for you, suggesting that more public education on the effects of nuclear contamination would cause the public to be more realistic, even cautious, about nuclear power. That, at least would be responsible journalism.

Richard Mulhallen.
24, Belitha Villas, Islington, N1.

Converted back to inches

From Mr. R. Farrell

Sir,—As managing director of an engineering company which went metric—as far as it could in an Imperial environment—some eight years ago, believing the rest of UK engineering would quickly follow suit, I am disappointed to find no such thing has occurred with a vast range of companies.

The reason is not principally that most of the machinery is not metricated: it is that the management, engineers and workpeople don't understand the logic of the metric system and therefore fail to see its advantages. Many drawings are issued in mm, for example, but frequently these dimensions are converted to inches before work proceeds. This process is time consuming, absolutely non-productive and, worse, likely to lead to sometimes catastrophic mistakes.

The Metrication Board has failed, in my opinion, to explain clearly, simply and quickly to the people of this country, as we did to our workforce some eight years ago, how the metric system works, and what are its advantages. Even the introduction of the pocket calculator hasn't brought progress. How, might I ask, does Mr. Justin Brooke (November 11) calculate multiples of 14 lb 3½ ozs without metrifying it?

R. J. M. Farrell.
Whitley Reed Cottage, Sandy Lane, Antrobus, Northwich, Cheshire.

Drifting along

From the Chief Information Officer, Metrication Board

Sir,—Mr. Brooke (Nov. 11) suggests that but for the Metrication Board this country "would drift quietly back to the measures it has used over the centuries."

This unrealistic view totally ignores the fact that metric is the language of the bulk of world trade, science and technology. The Board believes that our national interest will be best served by completing our transition to the metric system. The indications are that the requirement to produce and market goods in metric will be still more pronounced in the 1980s than it is now.

Ron Mayes.
22, Kingsway WC2.

Metrication and schools

From Mr. M. Bruce

Sir,—There is no need to rehearse the arguments advanced in your columns by Mr. Lacey (Oct. 31) and mostly ignored by Mr. Brooke (Nov. 11).

There is, however, a further commitment to metrication which is rarely mentioned in public debate. By the end of the 1960s most primary schools had switched to metric measures. In 1971, according to the Educational Publishers Council, most school books had gone metric. By 1976 all GCE and CSE examination boards had gone metric in almost all subjects. These changes, and their timing, were related to the metrication programme and its associated deadlines. Regrettably these deadlines have not been met, so school children, as consumers, meet imperial measures, while they learn metric measures at school. We often hear that schools do not respond to the needs of a changing economic system. In this instance, the schools have responded to anticipated change, and the economic system—particularly retail trade—has lagged.

There are certainly criticisms to be made of the metrication programme. Two years ago an American survey compared metrication programmes in five advanced countries and concluded that the United Kingdom offered an example of how not to metricate. Metrication here has been dilatory and piecemeal, and it has become politically controversial. Deadlines have often been postponed. Australia, New Zealand and Canada, which embarked upon metrication after the UK, have advanced further, although they all have less trade with metric countries.

These are not of course criticisms which Mr. Brooke would make.

M. G. Bruce.
39 Harold Road, Hawley, Dartford.

Thirlmere and Haweswater

From the Chairman of the Recreation Sub-committee, North West Water

Sir,—Readers will be seriously misled by the inaccurate references to Thirlmere and Haweswater in R. S. Camplin's letter (November 10). He referred to a "cordon sanitaire" around the lakes and that less than one per cent of their yield was for drinking and 80 per cent for industrial cooling.

The bulk of water taken from these sources is for domestic use. It is estimated that less than one per cent of the remainder supplied to industry is used for cooling because it is not the water authority's policy to promote such sources for cooling and industrialists, with an eye to economy, have developed other methods, including re-cycling.

The "cordon sanitaire" is a myth. Around Thirlmere there are nature trails and picnic and parking spots. There is public access to large areas of its catchment (we even have public open days at our farm there!). More appropriate "opening up" developments are planned. There is no recreation on the water itself because supplies from this source—developed 80 or so years ago—receive minimal treatment. A treatment plant is in the programme and once built, recreation will then be possible on the lake itself — if this is what the Lakes Planning Board wants.

Haweswater's catchment is also open to the public and modern treatment facilities mean that, as far as the water authority is concerned, appropriate recreation can take place on the water—again if this complies with the planning board's wishes. There have been moves on this in past years. Now the authority is advocating joint planning by those concerned — including the Sports Council— for this particular water.

Much has been done to develop recreation on and around waters in the north west. All reservoirs have now been categorised in terms of those vital "lines of defence" to safeguard public supplies, and with this in mind to indicate possible access and recreation.

"Can nothing be done?," your correspondent asked. Of course it can and where possible, we are doing it.

R. A. Parkin.
Dawson House, Great Sankey, Warrington.

Unearned income

From Mr. T. Corthoys

Sir,—As an expatriate working in Hong Kong with an intention eventually to return to the UK, I decided recently to arrange some prolonged disability insurance so that if I was disabled and had to return to the UK in somewhat straitened circumstances I would not become a charge on the Welfare State.

I was surprised (although surprise is an emotion in which I suppose I should not indulge when considering the attitudes of the Inland Revenue) to discover that any benefits paid under such a policy are taxable. And further they are taxable as unearned income.

I wonder what it is that makes the Inland Revenue treat any attempt at self-help the target of its most pernicious impost? And indeed I wonder whether the UK is really a desirable place to which to return.

T. P. Corthoys.
Hong Kong Telephone Company, Prince's Building, Hong Kong.

Lapses in life

From the Secretary, British Insurance Brokers' Association

Sir,—Mr. James (Nov. 6) does not seem fully to understand the purpose of the British Insurance Brokers' Association reply to the Office of Fair Trading.

Neither the BIBA nor the Life Offices Association has said that high lapse ratios are acceptable. The point made was that the life assurance industry — both insurers and insurance brokers —have already taken considerable steps towards informing and protecting consumers on a wide range of matters including the question of surrendering life policies and that these steps had not apparently been acknowledged in Mr. Borrie's Press statement.

BIBA has made considerable progress in the advancement of the interests of life assurance brokers through informative educational and training programmes and in giving help and advice to consumers. Mr. James simply dismisses this progress and the efforts of the change to premium related commission and the publication of the codes of conduct by insurers and the Insurance Brokers Registration Council, and this does him little credit. As he should be aware, under the IBRC code of conduct, brokers are bound to place the interests of their clients above all other considerations. The task of increasing public awareness of what is involved in taking out a life assurance contract is not helped by resorting to criticism on matters long ago recognised and which have led to action being taken in their respect.

The BIBA is totally independent: as a responsible part of the industry we serve the interests of consumers and if this involves saying that on important questions assurers have taken helpful action, then we should not hesitate to do so.

Alan Teale.
Fountain House, 130, Fenchurch Street, EC3

Today's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, speaks at TUC industrial strategy conference, Grand Hotel, Birmingham.

British Shipbuilders' corporate plan unveiled at Shipbuilding conference, Newcastle.

Mr Harold Lever, Chancellor of the Duchy of Lancaster, speaks on small firms policy to Association of Independent Businesses, World Trade Centre, London.

Mr. Peter Shore, Environment Secretary, Mrs. Indira Gandhi, and Lord Carrington, at Indo-British Association annual dinner, Royal Garden Hotel, London.

Kirkby Manufacturing and Engineering Workers' Co-operative meets to consider take-over by Worcester Engineering.

Financial Times' two-day conference "Business in Mexico" opens in Mexico City.

Canadian Budget Day.

OFFICIAL STATISTICS

Consumers' expenditure (3rd quarter—2nd preliminary estimate); UK banks' assets and liabilities and the money stock (mid-October); London dollar and sterling certificates of deposit (mid-October); Building Societies mortgage survey, 5 per cent sample survey results (3rd quarter); finished steel consumption and stock changes (3rd quarter provision).

PARLIAMENTARY BUSINESS

House of Commons: Estate Agents Bill, second reading. Motion on the Assistance for House Purchase and Improvement (Variation of Subsidy) Order. Motion on EEC document on misleading and unfair advertising.

House of Lords: Forestry Bill, second reading. Counter-Inflation Price Order 1978. Debate on National Parks.

COMPANY RESULTS

Final dividends: Kwik Save Discount Group. Lang and Hambley. LWT (Holdings). Northern American Trust Company. Scottish Cities Investment Trust. Selection Trust. Interim dividends: Boots Company. Braby Leslie. P. Panto and Co. Valor Company. Witan Investment Company. Interim figures: Hield Brothers. Royal Dutch Shell. Royal Insurance Company.

COMPANY MEETINGS

Nigerian Electricity Supply Corp., 11 Southampton Row, WC, 12. Prestwich Parker, Bag Lane, Atherton, Manchester, 11. Schroder Prop. Fund for Pension Funds and Charities, 120 Cheapside, EC, 11. Sirdar, Becrive Mills, Alverthorpe, Wakefield, 12. Trafford Park Estates, Midland Hotel, Manchester, 12. Westminster and Country Props., Grosvenor House, Park Lane, W, 12.

هكذا من الأصل

COMPANY NEWS

Chloride jumps 68% to top £12m at halfway

ON SALES up 24.6 per cent to £166.81m, profits before tax of the **Chloride Group** advanced 68 per cent from a depressed £7.22m to £12.1m in the six months to September 30, 1978.

And Sir Geoffrey Hawkings, the chairman, says the year's performance for the group as a *whole should exceed last year by* a reasonable margin.

Sir Geoffrey explains that the first half last year was heavily influenced by strikes in the UK and Australia and management problems in the U.S.

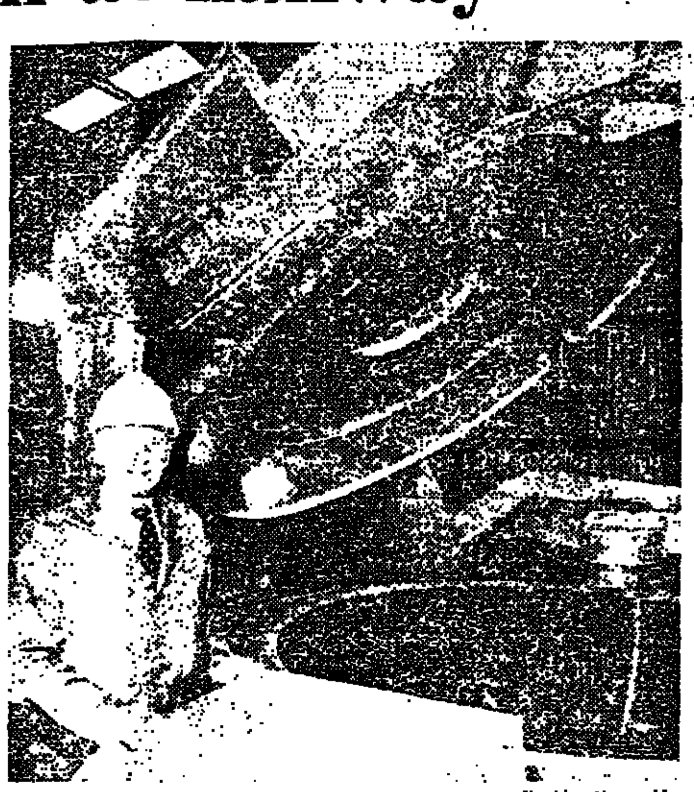
Pre-tax earnings per share are *shown at 8.5p (4.6p) and 4.9p* against 2.7p net. The interim dividend is raised from 1.34p to 1.5p and the third interim of 0.0575p for 1977-78 which was declared following the tax reduction will now be paid with the current interim on January 8.

Last year, the total dividend of 5.1377p (not including the third interim) was paid on pre-tax profits of £25.07m.

Sir Geoffrey says the first half produced a good performance by the UK companies, especially in industrial batteries. In Europe, markets remain highly competitive, "but we are continuing to gain market share."

In the U.S. there had been an overall recovery. Results from the automotive division were encouraging but results from the industrial and systems divisions were still disappointing.

Generally the group is doing well in volume, but margins are under pressure in many of the group's major markets, he adds.



Freddie Mansfield

Sir Geoffrey Hawkings, chairman of Chloride, seen examining one of the six new 30-ton refining pots in the group's lead smelting works at Abbey Wood in South East London. They *are part of a smelting and refining complex just completed* at a cost of £1m of which £500,000 is for environmental control equipment

Performance for the group in the *full year* is *dependent on the* general industrial relations *climate in the UK in particular and upon continued growth in the* world economy.

"We still have problems in the U.S. and Australia and recovery is slower than we anticipated," he says.

The price of lead, the group's main raw material, tends to be volatile—between July and October it rose from £320 to £420 per tonne. However, even if this rise of £100 per tonne is maintained gearing levels remain well within published limits and there are adequate financial facilities, the chairman says.

Capital expenditure at £10m during the first half was almost identical with that of the corresponding period last year and the figure for the full year is likely to be similar to last year's.

In September Chloride Granley was sold to RCA for £2.8m cash, giving rise to a profit of £1.5m, shown as an extraordinary item in the accounts.

This followed a review of strategy in the systems field and a decision to concentrate resources on the manufacture and distribution of standby and fire *alarm* and *protection* systems, rather than on installation and *service*.

	Six months 1978 £000	1977 £000
Sales	166,807	134,092
Operating profit	15,215	9,359
Associates profits	770	306
Profit	15,985	9,665
Interest payable	3,485	2,443
Profit before tax	12,300	7,222
UK tax	2,106	500
Overseas	3,145	2,621
Net profit	6,549	4,101
Minorities	469	717
Attributable	6,180	3,384
Extraordinary profit*	1,178	—

* On disposal of subsidiary

Brown Shipley downturn

The merchant banking and stockbroking group, **Brown Shipley Holdings**, says the combined results of the group for the half-year to September, 1978, are below those in the same period last year.

In addition the board does not expect the combined profits for the year to the end of March, 1979, to equal the record taxed *profit of £1.69m in 1978—despite* the present turmoil in the financial markets which may benefit the banking side.

It adds that the particularly favourable opportunities enjoyed by the banking group in the foreign exchange and security fields in 1977 were not repeated in the first half of this year. Other areas remained active, but demand for credit is still slack.

The insurance group has not found the expected increase in its overseas *earnings, and falling commodity prices have depressed* cargo brokerage.

The interim dividend is lifted from 4p to 4.5p, *plus* a deferred final dividend of 0.08p for the year to the end of March, 1978. The board intends to recommend the maximum permitted dividend for *the year.*

Little change for Wight Construction

Pre-tax profits of building and civil engineering contractors, **Wight Construction Holdings**, slipped from £263,000 to £235,000 in the half year to the end of *July 1978 on turnover up from* £4.02m to £4.89m. Tax is £135,000 against £142,000.

The interim dividend is held at 2.75p. The total for 1978 was 7.5p.

The Board says the higher turnover is largely due to the *completion and finalisation of* several old contracts. But profit has been affected by losses on some current contracts due mainly to poor building weather since the start of the year on the construction subsidiary's work in progress.

Pre-tax profits for the whole year, says the group, will not be significantly different from that of last year's £572,645.

HIGHLIGHTS

The massive £82½m rights issue from **Beecham** came as a *surprise to the market given the big cash element* in the last balance sheet but the company claims the proceeds will be used in the UK where capital spending is being stepped up. First-half profits at **Chloride** are nearly £5m higher but over half of this is due to the elimination of losses sustained in last year's strike. The third quarter results for **Woolworths** show a dull profits performance reflecting squeezed margins and the outcome for the year hangs on the vital Christmas period. Third-quarter figures from **Phillips** are also dull this time reflecting adverse currency movements. In contrast **General Accident** turned in a strong third quarter and for the first time in four years there is an underwriting profit at the 9-month stage.

ISSUE NEWS AND COMMENT

Talbex withdraws: Hoskins seeks £0.3m

BY TIM DICKSON

TALBEX, the diverse industrial *group with Arab backing*, has pulled out of bid talks with Birmingham-based **Hoskins and Horton.**

Last night Talbex revealed that it has sold its 29.9 per cent stake in Hoskins "following the failure to agree merger terms."

At the *same time* Hoskins announced that it is raising £316,00 by a rights issue. The company also intends to double its dividend for 1978 while the directors have forecast for the same period profits before tax, *including* exceptional items but excluding extraordinary items, of not less than £840,000 (£607,485).

Hoskins' share price was suspended on Monday at 168p but dealings will be resumed today.

Terms of the rights issue are one ordinary 20p share at 130p for every nine already held. Under*writing is being carried out* by the company's financial advisers, Morgan Grenfell.

Hoskins has not approached shareholders for new capital for at least 50 years but the company says the issue will "further strengthen its financial position, augmenting its capacity to meet growth in demand for its products in the UK and overseas."

On current trading, Hoskins reminds shareholders that the interim results to June this year showed a substantial increase over the same period of 1977.

Managing director Mr. James Lloyd yesterday reported that the company's hospital equipment manufacturing operation had a full order book both at home and overseas.

The building materials side, although less dramatic, starts from a stronger base and is also going along well.

Talbex director Mr. Peter de Savary, also joint managing director of the Bahamas-based Artoc Bank which through clients controls almost 30 per cent of Talbex, *said* yesterday: "It has been an abortive exercise. The other side *did not seen our point of view and* wished to remain independent from anyone.

"If we had gone ahead we would have had to bid more than was justified while the takeover would have been contested. I think we would still have won but we *would have also* been opposed by the employees."

Talbex also announced yesterday that the gross profit (including dividends) resulting from the sale of the Hoskins take will be split between Talbex and Artoc.

These shares were originally acquired by Artoc and passed on to Talbex at 159p per share. Talbex has sold the stake at 161p but under the arrangement its gross profit will be in excess of £90,000.

Mr. de Savary said Talbex was still looking at companies which had a strong UK manufacturing base and export potential, particularly in the Middle East.

He said the Talbex-Artoc links were "more solid than before." *and* Artoc would continue its policy of providing support, advice and financial backing to Talbex.

Referring to the Hoskins saga, he added: "We have learnt a hell of a lot."

Dealing in Talbex shares, which were suspended on Monday at 15p, will also *resume today.*

● comment

Right from the outset **Hoskins and Horton** fiercely resisted takeover approaches from **Talbex**. Now, following rumours in the market last week, the bid has finally broken down with Talbex wisely retiring to lick its wounds. In one way, the company is lucky to have found such a willing buyer for its stake in Hoskins and the doubled dividend promise from Hoskins indeed looks timely. Nonetheless, a serious blow has been struck at the Artoc strategy to acquire UK companies through a quoted investment vehicle and the next moves on this front will certainly be interesting. Meanwhile, Hoskins is understandably taking advantage of its buoyant share price to raise capital. Borrowings are currently little more than a quarter of shareholders' funds, but the company says the proceeds will help finance spending on fixed assets. Hoskins has a steady, if unspectacular, profits record but after last year's setback on the hospital equipment *side (due to Health Service cuts)* trading appears to have recovered well. At the suspended price of 168p the ex rights p/e is 9.7 and the yield 9.4 per cent.

Colne Valley Preference

An offer for sale by tender is being made by the **Colne Valley Water Company** of £3½m of 8 per cent Redeemable Preference Stock 1983 at a minimum price of £98 per cent.

The stock is payable as to £10 per cent with applications which must be received not later than 11 am next Wednesday. The balance of the issue price is payable by December 28.

Tenders must be for a minimum of £100 of stock and above that in multiples of £100.

The first dividend on this stock amounting to £2.1173 will be payable on April 1, 1979. Thereafter dividends will be payable half-yearly on October 1 and April 1.

The stock will mature at par on December 31, 1983.

● comment

There should be a good response to this latest water company issue. The coupon on the Colne offer has been lifted a full point since the last issue reflecting the recent trend in interest rates, and so at the minimum tender price the grossed up flat yield is 12.18 per cent and the redemption yield is 12.49 per cent. In terms of franked income this is worth just over 17 per cent. *Because of the increase in* the coupon there is nothing already in issue which can offer a direct comparison. However West Kent for example a 7 per cent stock is only yielding 10.8 per cent flat and 11.32 per cent to redemption. All in all prospective buyers might have to tender as much as a full two points over the minimum price to get any stock.

KITCHEN QUEEN ATTRACTS £100M

The offer for sale by **Kitchen Queen** of 6.8m shares raising less than £2m appears to have attracted applications worth around £100m.

Following the publication of the company's prospectus on Friday, the issue was already oversubscribed by Monday evening and applications continued to flood in until yesterday morning, when the application list closed at 10.01 am.

Brokers to the issue, Halliday Simpson, will probably announce the basis of allocation today. A weighted ballot seems the likely course, but because of the small offer price of 29p placed on the shares the minimum allocation could be reasonably high—possibly 500 shares—because of the prohibitive dealing costs of handing out small lots of shares.

In the market dealers were talking of a possible premium of over 5p, assuming there is no serious deterioration in the *market* between now and next Tuesday.

Underwriting profit in third quarter boosts GA

A THIRD quarter underwriting profit of £6.4m on world-wide business of General Accident was more than sufficient to eliminate the first *half deficit of £5.6m*, and the group reports an underwriting profit of £0.8m at the nine months stage. Together with a 17 per cent rise in investment income over the period to £64.5m, the pre-tax profits of the group showed a *39 per cent rise* after nine months from £47.7m to £66.2m.

Mr. David Blaikie, chief general manager, said yesterday that, as anticipated at the half year, an improving underwriting trend in both the UK and U.S. had continued through the third quarter to produce an underwriting profit for the first time in four years. He felt that present indications were that this advantage could be held during the rest of 1978.

Net written premiums received over the period advanced by 10.3 per cent from £508.5m to £560.7m. This was in line with expectations and if the effects of currency fluctuations are removed the underlying growth rate was 12.4 per cent.

In the U.S., which accounts for 40 per cent of GA's business, an excellent third-quarter produced an underwriting profit of £2.5m and resulted in a profit over the nine-month period of £1.7m compared with a loss of £4.1m for the corresponding period. An operating ratio of 95.52 per cent in the third quarter *improved* the nine-month figure by nearly three *points to 98.21 per cent*, compared with 101.12 per cent last year.

The property account in the U.S. returned to profitability, while the motor experience continued to be good. Workmen's compensation class continued to deteriorate further, but the company considers that it can hold this overall *improvement for next year.*

The UK account also recorded a good third quarter with an underwriting profit of £4.4m which reduced the losses at the nine-month stage to £0.8m—the legacy of severe weather conditions in the first quarter. The company is the largest motor insurer in the UK and its large motor account is now showing a marginal profit over the period thinks to a satisfactory third quarter. The effect of the premium increase in February is now showing strongly. But it is still experiencing a higher claims frequency and another rate increase is almost inevitable.

All other classes of business in the UK benefited from this improving trend and were in profit at the nine months' stage, with *the exception of homeowners* account. Here the experience although better in the third quarter remains adverse. The company is proposing to increase its premium rates from December 1—making a complete revision of its rating system including lifting the basic *rate*, which has remained unchanged since the 1920s, from 25p *per cent to 30p* per cent.

The UK industrial fire account has recovered well from the impact of the exceptional losses in the first quarter. The firemen's *strike did not end until the* middle of January. Liability and traders' Comprehensive classes have benefited materially from earlier rate increases.

Underwriting trends in the rest of the world remained substantially unchanged with two exceptions. Losses in Europe were reduced following rate *increases and favourable* experience, while there was a sharp deterioration in New Zealand arising from widespread fires.

Investment income advanced from £55.1m to £64.5m, reflecting the improved cash flows available for investment and the continuing high rates of return available. After adjustment for currency fluctuations the underlying increase was 10.5 per cent.

● comment

An excellent third-quarter experience has enabled General Accident to show an underwriting profit at the nine months stage—the first time for four years. Both the U.S. and the UK accounts have recovered from the very poor first quarter when severe weather in both countries hit GA hard. The U.S. account is now profitable and should continue to be so over the final quarter, while the UK account marginally in the red should at least break even unless we have bad weather next month. Expectations are that pre-tax profits for 1978 will be in the range £85m-£90m—about one-quarter higher than in 1977. The company is more optimistic about the U.S. next year than other insurers which anticipate a slight downturn. The UK account is dependent to a more than average extent on motor business and *much will depend on* next year's rate increase likely to be made in February. The price shed 2p to 202p in the general market decline to yield a prospective 6.7 per cent gross.

Woolworth up 9.6% so far: sees higher profit for year

THIRD QUARTER pre-tax profits of F. W. Woolworth and Co. rose 5.5 per cent to £10.45m to give a total of £23.03m for the nine months ended October 31, 1978, a 9.6 per cent rise on the same period last year.

Given a continuance of current consumer spending during the important final quarter, the annual profit result this year can be expected to be in excess of last year's £46.78m, the directors say.

Although turnover (excluding VAT) in the third quarter rose 15.6 per cent to £200.43m resulting in a 12.9 per cent rise to £538.61m over the nine months, pressure on margins continued, associated with the group's policy of being fully competitive, the Board states.

	1978 £000	1977 £000
Turnover†	[illegible]	*524,367
VAT	34,519	29,793
Trading profit	31,157	30,616
Depreciation	6,270	5,982
Interest paid	3,394	4,538
Invest., rent income	1,079	820
Prop. disposals surplus	112	316
Profit before tax	23,034	21,0[illegible]
Tax	12,778	11,4[illegible]
Net profit	10,2[illegible]	9,5[illegible]
Foreign currency loss	505	[illegible]

* Restated to exclude Rhodesian subsidiary. † Including VAT. ‡ Excluding sales and leasebacks.

The directors also point out that there were special factors which increased costs during the first nine months.

The pension plan involved an increased cost this year of £2m due mainly to revisions introduced from April 1, 1978.

Additionally, about £1m of development and pre-opening costs have been incurred for the new transhipment centres with benefits to accrue next year and progressively as these centres extend their operations.

Without these additional costs the increase in profits at the trading level would have been 11.2 per cent, compared with the reported 1.9 per cent and pre-tax, the increase would have been 23.8 per cent against the reported 9.6 per cent.

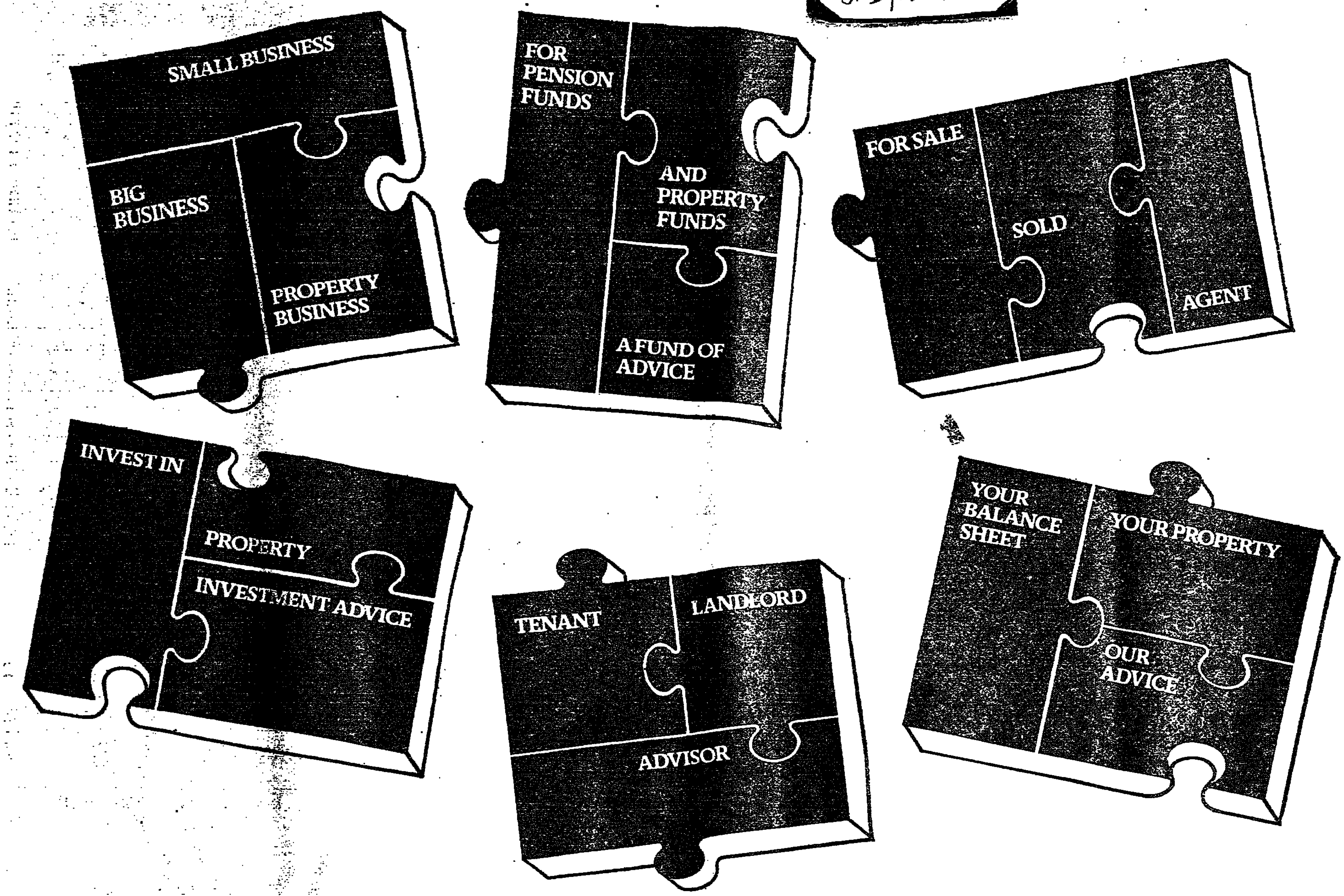
A quarterly analysis of the result shows that there has been a trend of accelerating sales increases over the year so far. Sales increased by 8.2 per cent in the first quarter and 14.6 per cent in the second quarter.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alida Packaging	int.	Nil‡	—	2.2	—	6.32
Beecham	int.	9.58	Feb. 1	8.58	—	18.63
Brown Shipley	int.	4.5	Jan. 11	4	—	9.34§
Chamberlain and Hill	int.	1.32††	Dec. 9	1.2	—	2.75
Charter Consld.	int.	3.03	Jan. 3	3.03	—	8.3
Chloride	int.	1.5	Jan. 8	1.34	—	5.19¶
David Dixon	int.	1.1	Feb. 2	1	—	3.71
EMAP	int.	1.16**	Jan. 6	0.93*	—	2.07*
Kuala Selangor	int.	2.5	Jan. 5	—	‖—	6.6
Lon. Prudential Tst.	int.	1.5	Dec. 20	1.35	—	2.85
Progressive Secs.	int.	1.05	Jan. 4	0.9	—	2.8
Sekers	int.	0.75	Jan. 26	0.60	—	1.51
Peachey Prop.		1	Jan. 5	0.99	2	0.99
Warner Holidays	int.	0.35	Feb. 5	0.35	—	1.28
Wight Construction	int.	2.75	Dec. 20	2.75	—	7.5

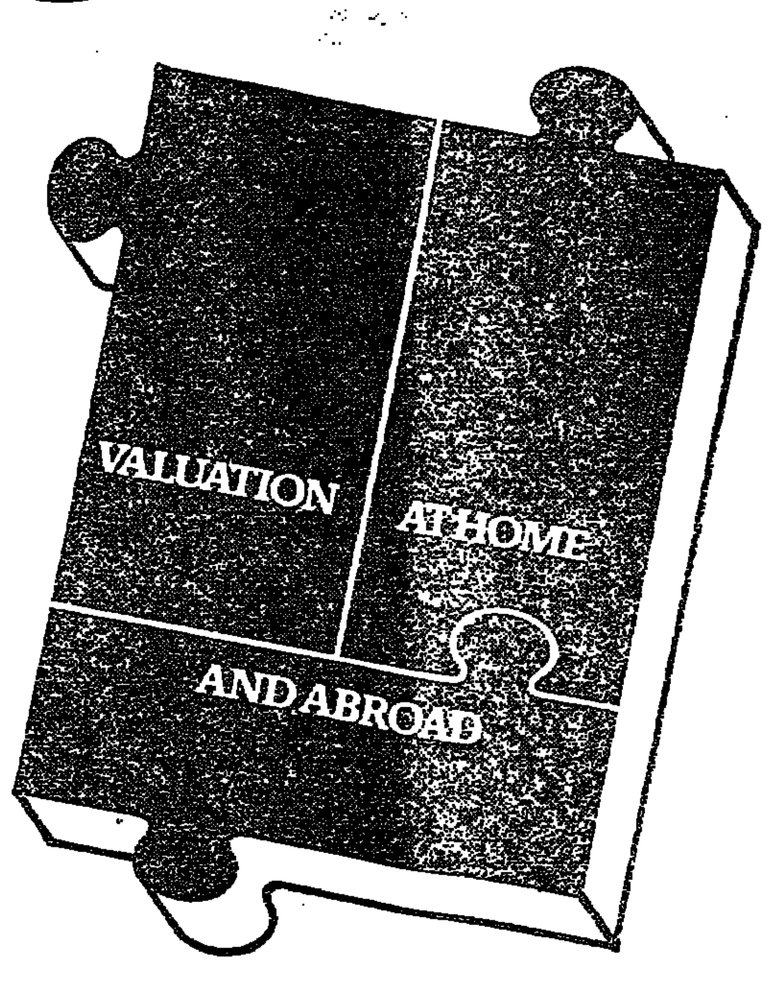
Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Company recently became subsidiary of Rockware Group. § Includes additional 0.08p for 1977-78. ¶ Includes third interim of 0.0575p payable on January 8. ‖ Not less than last year's total forecast. ** Includes additional 0.01737p for 1977-78. †† In addition payments of 0.021p and 0.023p for 1976-77 and 1977-78 have been declared.



We've said it before and we'll say it again

"It is essential that you obtain professional advice, in all your commercial and industrial property activity." Details are outlined in 'The Complete Picture', a brochure about all Richard Ellis' services. A copy can be yours upon request to: CNG Arding ARICS, Richard Ellis, 64 Cornhill, London EC3V 3PS. Telephone: 01-283 3090



Richard Ellis
Chartered Surveyors

Cannon payment boosts Keyser Ullmann

INCLUDING A dividend from Cannon Assurance of £459,000 pre-tax profit of Keyser Ullmann Holdings came out at £864,000 for the six months ended September 30, 1978 compared with £1.52m last time, which included a £1.5m credit of provisions no longer required.

Turnover, excluding banking and life assurance, was lower at £2.02m (£3.21m).

Mr. D. E. Wilde, the chairman, says the group has no plans to receive a further dividend from Cannon in the second half, but that the directors hope the profit contribution from the banking business will be rather larger than that achieved in the first half.

He adds, however, that the subsidiary bank in Switzerland, Keyser Ullmann en Suisse, has made further progress and looks to record profits for the year.

Although the operating profit, including the dividend from Cannon, was well up at £864,000 (£23,000)—it was the same as for the whole of the previous year—the chairman says the profit from the rest of the group's activities fell below the directors' budget figure.

Stated earnings per 25p share are halved from 2.6p to 1.3p.

Profits for the 1977/78 year came out at £4.36m after a £3.5m credit in previous years, losses had been incurred at the pre-tax level because of the provisions for bad and doubtful debts and other provisions.

During the last three or four years Keyser has been vulnerable to high interest rates, Mr. Wilde explains because it has not always been able to pass on to the borrower the increased cost of money to the group. In respect of a once very substantial but now much reduced part of lending it has had to be content to accept as its only income the rent it could obtain from the property charged to the group as security.

Once the volume of such unsatisfactory debts has been reduced to a figure which can be financed from its own capital, "then we shall no longer see our profits fall simply because interest rates increase."

This is the position the group expect to reach within the next few months.

Property sales have not come through as quickly as the directors had hoped and in the six months net receipts were not much over £5m. Since the end of September a further £9m has been paid to the group and the chairman says the group can expect that by the year-end it will have exceeded its realisation target of £20m.

As at balance sheet date current assets stood at £74.61m against £76.75m at at March 31 1978; advances to customers, debtors and other accounts less provisions for bad and doubtful debts were up slightly from £129.41m to £132m. Long term borrowings at the half-year end were £2.56m (£3.44m) and current, deposit and other accounts at £178.26m (£177.94m). Shareholders funds increased to £35.81m (£35m).

For the six months turnover of subsidiary Hocroft Trust improved from £1.76m to £1.92m; group loss of non-banking interests came to £25,000 (£30,000) less tax credit £1,000. Pre-tax profit of associate banking company was £223,000 (£44,000 plus £588,000 credit of provisions no longer required) making £108,000 (£594,000).

Dividends on the 4.2 per cent cumulative redeemable preference shares cost £8,000 (same) against a subvention of the same amount from the holding company. Earnings per share are shown as 1p (2.9p).

Hocroft owns 39.2 per cent of the banking group Keyser Ullmann Limited.

	Six months 1978 £000	1977 £000	Year 1977-78 £000
Turnover	2,018	3,215	6,388
Profit	405	23	564
Dividend received†	459	—	—
Making	864	23	864
Provisions credit	—	1,500	3,500
Profit before tax	864	1,523	4,364
Tax	163	198	312
Net profit	701	1,325	3,952
Minority interests	9	6	11
Extraord. credit	115	—	—
Attributable	807	1,319	3,841
Pref. dividend	2	2	4
Ord. dividend	—	—	344
Retained	805	1,317	3,493

† From Cannon Assurance.

● comment

Stripping out the earlier release of provisions no longer required and the £0.46m dividend from Cannon Assurance and Keyser Ullmann's first half pre-tax profits of £0.4m compare with £0.8m in the immediately preceding half year. Obviously, sharply higher interest rates are delaying the bank's recovery added to which the property disposal programme has been running behind schedule which has prevented funds being redeployed more profitably elsewhere. Nevertheless, KU is still sticking to its £20m target for property disposals in the current year which should make it less vulnerable to interest rate movements in future. However, KU still has to face up to the longer term problem of generating enough business to justify its large capital base. At the moment the ratio of deposits to net worth is just 5:1 which means that KU has plenty of potential for expansion, but as the sluggish level of advances indicates (they have hovered around £130m-£140m for two years now) it is difficult to find new business to replace the old property lending as it matures. The problem is that apart from property lending the old KU never had a sizeable base of stable commercial business to fall back on. This is something that the current management is trying to rectify but the message of these results is that it is going to be a long haul. At 50p the shares yield 2 per cent.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's time-table.

TODAY

Interims — Amber Industrial, Boots, Braby Leslie, British and Commonwealth Shipping, Caledonia Investments, Godfrey Davis, F. Pratt, J. W. Spear, Valor, Witan Investment.

Finals — Cumulus Investment Trust, Kwik Save Discount, IWT, Long and Hambly, Morland, Northern American Trust, Rosa Consolidated Mines, Scottish and Mercantile Investment, Scottish Cities Investment Trust, Selection Trust.

FUTURE DATES

Interims—

Brasilvest SA	Nov. 20
Coalite and Chemical Products	Dec. 6
London and Lennox Invest. Trust	Nov. 21
Philips' Lamps	Dec. 7
Rivington Reed	Nov. 24
Wharf Mill Furnishers	Nov. 17

Finals—

Avon Rubber	Nov. 29
Dunlo International	Nov. 21
Northern Foods	Dec. 19
Proprietors of Hay's Wharf	Nov. 23
Stocklake	Nov. 23
Yorkshire & Lancashire Inv. Tst.	Nov. 21

EMAP 17.5% ahead at interim stage

WITH THREE of the companies' four divisions improving their performance, East Midland Allied Press achieved a 17.5 per cent increase in pre-tax profits for the 28 weeks to October 14, 1978, with a figure of £943,505 compared with £802,727. Turnover rose by 30 per cent to £12.6m.

The only setback was in the contract printing division where a loss of £304,646 was incurred, due to delays in transferring work to the new full colour magazine press. In the corresponding period this division contributed a profit of £102,004.

Mr. Frank Rogers, chairman, reports that provincial newspapers doubled its surplus, national publications improved by 61.4 per cent and retail by 44.1 per cent.

On prospects he says that as the difficulties of the new press installation are overcome he anticipates that the company will further improve its results. For the last full year a pre-tax profit of £1.62m was reported.

The capital expenditure programme for the current year is substantially below last year's level and this has resulted in an increase in the first-half tax charge from £83,119 to £353,814.

Stated earnings per 25p share are 4p (3.7p) and the net interim dividend is effectively lifted from 0.926828p to 1.15892p. The increase is half maximum permitted and includes a supplementary 0.01737p in respect of the reduction in ACT. The cost of the interim is £170,437. Last year's total payment was equivalent to 2.0743p.

All publications of provincial newspapers are doing well. Advertising volume has increased by over 9 per cent on last year and sales are also ahead.

Since the chairman's last report the company has acquired a weekly freesheet called the Free Trader which is distributed in the St. Neot's area. It has been converted to a newspaper by including an editorial content and the directors plan to expand its present distribution which is now 17,500 copies per week.

As forecast the Kettering company is again contributing to group profits. The press is now fully utilised on a two shift basis resulting from additional contract work including The Universe, the leading Catholic weekly newspaper.

Advertising revenue of the national publications division is some 27 per cent ahead of the corresponding period. The circulation of all publications has been held at satisfactory levels despite increasing competition.

The company has bought a monthly newspaper Garden Trade News and an annual GTN Trade Directory which it aims to expand. In addition last month it moved into a new leisure field with the purchase of Practical Fishkeeping Monthly.

Last month Smash Hits a new monthly title in the pop music field was launched. The circulation level of the first issue was above expectations and it has been received enthusiastically by the news trade.

On the losses incurred by contract printing Mr. Rogers explains that budgets took account of the dislocation and losses associated with the introduction of a major additional production facility—the new full colour magazine press. The delays in transferring work to the new press however resulted in the losses exceeding the forecast.

Modifications to the press have been carried out by the manufacturers. The performance is now greatly improved and the transfer of work is progressively taking place. The directors expect the financial results from this activity substantially to improve in the coming months as the workload increases.

The level of enquiries and new work obtained suggest that filling the capacity of the press is unlikely to be a problem once it is functioning to the directors' complete satisfaction.

In the retail division the travel business has had a satisfactory half year. The results of Green Lane Travel at Leicester for the five months to September 30 are included and have come up to expectations.

Readwell is actively seeking new units and Mr. Rogers anticipates reporting further progress at the year end. Turnover and profits are being maintained at a satisfactory level, he adds.

28 weeks	1978 £	1977 £
Turnover	12,616,725	9,287,125
Trading profit	1,270,396	1,046,390
Investment income	4,693	582
Depreciation	298,759	194,491
Interest charges	32,925	49,984
Profit before tax	943,505	802,727
Tax	353,814	83,119
Net profit	589,691	719,608

Beecham tops £76m midway

SALES up from £405.1m to £469.6m and pre-tax profits £7.1m ahead at £76.1m are reported by the Beecham Group for the half year ended September 30, 1978.

The first half figures accompany details of the proposed rights issue which is seeking to raise £83m.

Earnings per 25p share are shown at 28.68p against 25.84p. The interim dividend is lifted from 8.58p to 9.58p and the directors intend to pay a final of 11.5575p against last year's 10.05p—the Treasury has agreed to this level of dividend in the context of the rights issue.

Subject to obtaining Treasury consent in the event of new dividend restraint legislation, it is also the board's intention to declare an interim dividend for the year ending March 31, 1980 of 11.018153p per share.

The interim dividend now declared will be paid to all members except in respect of ordinary shares allotted to holders of Beecham International Holdings 5½ per cent guaranteed convertible debentures tendered for conversion after November 14, 1978.

	Half-year 1978 £m	1977* £m	Year 1977-78* £m
Sales	469.6	405.1	[illegible]
Trading profit	78.8	[illegible]	[illegible]
Interest	5.0	[illegible]	[illegible]
Associate profits	2.3	[illegible]	[illegible]
Profit before tax	76.1	69.0	[illegible]
Tax	33.8	[illegible]	[illegible]
Net profit	42.3	[illegible]	[illegible]
Minorities	0.3	[illegible]	[illegible]
Available	42.0	[illegible]	[illegible]

* Restated.

To reflect the expected changes in status from subsidiary to associate of the group's companies in Nigeria and India, the trading results for the half-year in 1978 exclude the total sales, trading profits, etc. of these companies, include in group sales exports from group companies to these companies and include the group's anticipated interest of 40 per cent in the profit before tax of these companies under associated profits.

Comparative figures have been restated by excluding the total sales, trading profits, etc. of the companies whose status will change, including in group sales exports from group companies to these companies and including the group's 60 per cent interest which existed throughout 1977/78.

Dentsply awaits benefits

ON TURNOVER more than halved from £26.34m to £10.52m, Dentsply, ultimate holding company of which is Dentsply International Inc. of the U.S., incurred increased pre-tax losses of £1.11m for the half-year to May 31, 1978, against £37,000 last time. For the previous year losses were £440,000 on turnover of £51.2m.

Commenting on the figures for the first half the directors state that the time scale for the corrective action to bring the company back into profitability is proving longer than originally envisaged.

The majority of the group's activities are now showing an improvement in order levels and trading profit. However, although the second half results are expected to show a reduction in the rate of trading loss, when compared with the first half, they say it is unlikely that the full benefit of corrective action will be seen until the second half of 1979.

Pre-tax losses were incurred after interest payable, less other income, of £860,000 compared with £1.35m, and exchange losses £62,000 (£10,000). There was no tax charge this time against £265,000.

Turnover of the subsidiary AD International fell from £7.90m to £5.8m for the six months and the company incurred pre-tax losses of £694,000 against £5,000; there was no tax charge—losses last time were cancelled by a £5,000 tax credit.

The pre-tax figure was after interest £161,000 (£49,000) and included exchange losses £122,000 compared with gains of £112,000.

Peachey's reorganisation begins to take shape

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

AWAY FROM all the spectacular publicity about legal actions against the estate of the late Sir Eric Miller, and the on-off sale of the Park West appartment block, the reorganisation of Peachey Property Corporation has been making steady progress. The new management team under Mr. John Brown took over the reins at Peachey last September, and their first few months were occupied with defending the group from Allied London Properties' takeover bid and sorting out the management tangle left in the wake of Sir Eric's departure.

Preliminary results for the year to the end of June do not, therefore, give more than a partial picture of Peachey in its new form. But the figures, showing pre-tax profits of £1.9m after 1977's £87,000 loss, do provide shareholders with an impression of the reorganisation's progress.

Full year figures confirm Peachey's optimistic forecasts at the interim stage. Trading property sales reached £3.4m in the year and sales, along with a 3½ per cent rise in rental income to £3.7m, push Peachey's turnover to £7.15m. A full tax charge leaves after tax profits of £843,000. An extraordinary profit of £32,000 is left after setting income from the sale of non-property interest against the costs of the Allied London bid defence, and £365,000 transfer to capital surpluses is clipped from the after tax income to strip the valuation surplus from trading properties sold during the year.

That leaves attributable profits of £501,000, or 3.9p a share, compared to 1977's £1.4m attributable loss, a net deficit of 2.5p a share.

Peachey is able to match its half-year promise of a 1p net final dividend, taking the year's dividend to 2p net (0.9925p net in 1977). A June revaluation of the portfolio added £4.7m to capital reserves, taking the portfolio's overall value to £49.6m and net assets per share to around 130p. The shares, already discounting much of the good news and trading in a generally weak property sector, eased 2p to 80p on the results.

Mr. Brown's programme of increasing the sales of Peachey's residential propetries (which still account for 40 per cent of its portfolio) has helped to cut borrowings by £3.4m and clipped £430,000 from the group's annual interest bill so far. Property deals since the year-end have boosted total sales to £4.69m. But the pace of property sales may slow htis year with the decision to buy in the Church Commissioners freehold on the Park West apartments for £2m and to spend another £2m or so renovating the 540 flat block before starting individual flat sales.

Because of renovation works it is unlikely that there will be any significant contribution from Park West flat sales in the current year. The decision to carry out a flat "break-up" itself rather than selling the whole black will take up a fair proportion of the development finance and management time thta had been provisionally earmarked for expansion of the commercial property side of Peachey's business. But the basic commitment to sell the residential properties and to re-invest in higher yielding commercial property remains.

Charities Property Unit Trust

DURING THE year ended July 30, 1978, the property market has remained very firm and there are no signs of any weakness, states Mr. Cecil Baker, chairman of the Charities Property Unit Trust.

He points out that because of the shortage of supply and the weight of institutional money it is difficult to acquire high quality investments.

In certain areas, particularly prime shopping, rental values are continuing to rise and there are indications that this trend will continue into the future. If this happens the chairman says that it will justify the present level of investment yields.

During the year there was a net inflow of money into the Trust. A total of 318 new units were subscribed, 83 units repurchased and the net amount received was £416,585.

At July 30, 1978, the Fund's properties had an aggregate cost of £3.83m and an open market value of £6.63m compared with £2.93m and £5.03m respectively in the previous year.

ScotMet Property assured of increasing rentals

Continuing rent reviews at Scottish Metropolitan Property Company will ensure that by 1982-1983 total rental revenue will be up from last year's £3.14m to over £6m. In addition to the existing strong base new property investments and pre-let developments in course of construction will contribute substantially to the growth in rental income, says Mr. Isidore A. Walton, the chairman.

The current expansion programme will show a satisfactory initial yield on capital expended, he comments.

Further increases in the capital value of the company's property assets can be predicted from a healthy growth in true rental values and stability, or improvement, in the general economic conditions, Mr. Walton says.

For the current year he forecast higher profit on the back of increasing rental income from sound tenants occupying properties well located in centres of commercial activity.

Bank facilities in excess of £6m are available and as at August 15, 1978, the group had no short-term borrowings and cash together with stock exchange investments totalled £2.4m.

Taxable revenue for the year to August 15 was better at £1.45m (£1.32m). The net dividend is effectively raised to 1.97285p (1.7667p) and a one-for-ten scrip issue is proposed—as reported October 11.

The auditors, Touche Ross and Co., point out that the company has not estimated the amount of capital gains tax which would become payable in the event of future sales of properties.

At year end capital commitments amounted to £3.13m (£1.43m) of which £2.34m (£0.96m) had been authorised but not contracted.

New fund formed

Richmond Life Assurance, licensed to carry on business on the Isle of Man only, plus Eurocommodities brokers and portfolio managers on the commodity futures markets, have combined to promote a new investment vehicle, the Carillon Commodity and Gilt Investment Bond.

Investors are being asked to subscribe at least £1,000 for units in a fund, the assets of which will be equally divided between gilt-edged securities and commodities. They face an initial charge of 5 per cent plus annual charges of 1.5 per cent. If they elect to sell their units they will also be charged 5 per cent of any profits made during the course of the investment.

The first dealing date for the new bond is December 11 and the bond's price will be quoted in the Financial Times from today.

Carillon Managers, which will manage the bond, is jointly owned by Mr. John Sullivan, head of the Reliance School of Investment, and Eurocommodities.

Allied-Lyons accounting dates changed

Following the acquisition of J. Lyons, the directors of Allied Breweries say the most satisfactory accounting reference date for the enlarged group would be the end of February in each year and they have decided to extend the Allied accounting period to approximately seventeen months ending on March 3, 1979.

Allied have accounted to the last Saturday in September in each year and Lyons, as a group, have accounted to the nearest Friday to March 31 but with most of the overseas companies and the UK ice cream group closing their books as at the previous December 31.

In fuure all group companies will arrange as soon as possible to close their books on the first Saturday in March with the exception of the companies in the U.S. which will continue to account to the previous December 31.

A second interim statement covering the unaudited results of Allied without Lyons for the 53 weeks ended September 30, 1978 will be published on November 21, and, to fulfill the dividend forecast made in the offer document for Lyons, the directors intend to declare a second interim dividend of 2.99p per share payable on March 1, 1979.

Figures for the seventeen months will comprise the results of the original Allied group for the period from September 25, 1977 to March 3, 1979, together with the results for the Lyons group companies other than those in the U.S. for the period October 1, 1978 to March 3, 1979, and for the U.S. companies from October 1, 1978 to December 31, 1978.

There may be exceptions in the case of partly-owned subsidiaries.

Preliminary results will be announced at about the end of May 1979 and it is the intention of the directors to recommend a third and final dividend for this period at that time.

Once the change has been made it is anticipated that the normal timetable for results and dividends will be as follows:

Announcement of half-yearly results for the 28 weeks to mid-September and declaration of interim dividend—end-October—early November.

Payment of interim dividend—end-February: preliminary results for the year and proposal for final dividend—late May.

Posting of annual report, mid-June: annual meeting, early-July and payment of final dividend, end-July.

Chamberlin & Hill improves

ALTHOUGH several plants worked below optimum capacity during the six months to September 30, 1978, order intake at Chamberlin and Hill was reasonably satisfactory and more consistent than during last year. This resulted in pre-tax profits for the period improving from a depressed £166,104 to £322,492.

On prospects the directors say that indications are that demand will continue at current levels.

The net interim dividend is stepped up from 1.2p to 1.32p and a one-for-two scrip issue is proposed. In addition two supplementary payments of 0.021p and 0.023p for 1976-77 and 1977-78 respectively are declared on the reduction in ACT. The additional payment for last year brings the total for 1977-78 to 2.748p on profits of £818,887.

	Six months 1978 £	1977 £
Turnover	3,972,000	3,290,000
Profits before tax	322,492	166,194
Tax	167,696	86,421
Net profits	154,796	79,773
Dividends	30,595	20,880
Retained	124,201	52,893

Peak seen by Warner Holidays

Pre-tax profit of Warner Holidays rose from £301,000 to £354,000 for the half-year to July 31, 1978, and the directors say they anticipate an improved profit for the full year, against a peak £617,110 for 1977/78.

The net interim dividend is unchanged at 0.35p per 10p share, the previous year's final being 0.9275p.

Gross revenue for the six months was ahead from £4.02m to £4.6m and the profit figure was subject to tax of £184,000 against £156,000.

D. Dixon well up midway

ON TURNOVER up by over £1m from £4.46m to £5.55m taxable profits of David Dixon and Son Holdings, woollen cloth and hosiery manufacturer, increased by £163,000 to £365,000 for the six months ended September 30, 1978.

Profit for the previous year was a record £480,000 and the directors said that the order book was very good and the first quarter's results indicated a higher trading profit for the 1978/79 year. They say that orders are now the highest in the group's history.

After tax of £94,000 against £32,000 net profit came out at £271,000 compared with £170,000. Earnings are shown as 18.5p (11.6p) per 25p share and the interim dividend is increased to 1.1p (1p) net—last year's final payment was 2.7139p.

Halftime upsurge at Sekers

DUE IN part to significant overseas contracts, sales at Sekers International advanced 33 per cent to £3.57m in the half-year ended September 30, 1978. And sales shot up 61 per cent to £215,100.

The group, formerly West Cumberland Silk Mills, makes and sells dress, furnishing and upholstery fabrics and curtains. It has continued to develop its market potential.

An interim dividend of 0.75p net is declared, against 0.693p. Total for 1977-78 was 1.514p paid from profits of [illegible]. Earnings for the half year are shown to be up from 1.82p to 1.97p.

Heads of agreement have been reached for the sale of the New Zealand subsidairy, which has not been a satisfactory contributor to profits in recent years. It is anticipated that net proceeds will equate to net asset values.

	Half-year 1978 £	1977 £
Turnover	[illegible]	2,527,000
Profit before tax	[illegible]	133,500
Taxation	[illegible]	38,300
Net profit	[illegible]	95,200
Minority loss	[illegible]	13,200
Attributable	[illegible]	92,000
Interim dividend	[illegible]	39,313

*Based on current estimates of charge for full year ending March 31, 1979 and subject to change. Comparative figures restated to show a charge based on the effective rate for full year to March 31, 1978, when basis of accounting was changed to comply with SSAP, 15. In 1978 charge was reduced by substantial stock relief which is not expected to be available during the current year. † Profit.

MINING NEWS

Share sales bolster Charter profits

BY KENNETH MARSTON, MINING EDITOR

THANKS to exceptional share sales, net profits of London's Charter Consolidated for the first half of the current year to next March have risen to £14.46m from £13.16m in the same period of 1977-78 when the year's total reached £25.44m.

First-half earnings per share amount to 13.79p against 12.55p and the previous full year's total of 24.20p. Charter is doing no more than maintain its interim dividend at 3.025p; the previous year's final was 5.27645p, making a total of 8.30145p against 7.43242p in 1976-77.

	Half-year 30.9.78 £000	30.9.77 £000
Investment income	10.145	11.757
Realisation of invests.	9.170	2.657
Trading profit	10.263	9.473
Making	29.578	23.887
Admin. expenses	1.921	1.914
Prospecting expenditure	430	380
Interest	1.968	1.633
Retained profits	1.373	3.693
Profit before tax	26.894	22.612
Group tax	8.987	6.653
Associated companies tax	1.755	1.768
Profit after tax	16.092	15.192
Minority interests	1.672	2.055
Attributable	14.460	13.137
Earnings per share	13.79p	12.55p

The advance in surplus on realisation of investments to £9.17m from £2.66m a year ago probably reflects sizeable sales of South African gold shares, possibly of Harmony and Blyvoor which figured largely in Charter's portfolio at March 31.

Sharemarket conditions have been attractive for such a move which would also release funds for reinvestment in the UK; the group's stated policy is to achieve a more equal balance between UK and foreign earnings.

The other major factor in the latest figures has been the inclusion for the first time of trading results of the 37½ per cent-owned struggling Cleveland Potash operation. They cover a period of three months and Charter's share of the Cleveland loss for that period is £1.9m; thus the mine's total losses were running at an annual rate of £20.2m.

Charter's results for the current half-year will thus take in those of Cleveland for six months. Unless there is any major improvement in the Yorkshire potash producer's fortunes, and this seems unlikely, Charter's second-half results will accordingly have to carry an increased burden.

At the same time, it must be assumed that the exceptionally high first-half share realisation profits will not be repeated. Other income sources may not be much changed, apart from a rise in interest received as a result of the funds arising from the first-half share sales.

So Charter's earnings for the second-half look like falling short of those of the first six months, a view which is underlined by the absence of any increase in the interim dividend. Following the latest results Charter shares dropped 8p to 132p yesterday.

Malayan twins earn less

REDUCED profits for the year to June 30 are reported by the Malaysia Mining Corporation group's Eastern tin producers, Malayan Tin Dredging and Southern Malayan Tin Dredging. Earnings of Malayan amount to M$6.15m (£1.43m) compared with M$9.11m in 1976-77. A final dividend is declared of 130 cents (30.2p) less Malaysian income tax of 40 per cent.

Benefits of a higher tin price received have been outweighed by lower production while a high level of tax has been sustained, mainly because a large proportion of the river deviation expenditure has not been available for tax relief. In addition there has been the higher incidence of tin profits tax: the latter is now reduced from 15 per cent to 12½ per cent.

Despite a reduced tin concentrate production, pre-tax earnings of Southern Malayan rose during the year to M$18.82m from M$15m. However, the net figure has dropped to M$6.46m from M$7.25m last time as a result of a sharp increase in tax. A final dividend of 115 cents less Malaysian tax of 40 per cent is declared.

DOME EARNINGS FORGE AHEAD

Dome Mines, the diversifying Toronto group, has achieved a strong growth in earnings on the back of its gold mines and revenue from two affiliated companies, Dome Petroleum and Canada Tungsten Mining.

In the nine months to September, net profits were C$35.3m (£15.2m) or C$5.95 a share. This surpasses the total 1977 earnings of C$34.6m and compares with profits in the first three quarters last year of C$26m, or C$4.36 a share.

The latest figures reflect earnings from Dome's own gold mine at Timmins in Ontario and the consolidation of the 57 per cent-owned Campbell Red Lake Mines and the 63 per cent-owned Sigma Mines (Quebec). Bullion revenue averaged C$221.03 an ounce against C$156.13 an ounce in the first three quarters of 1977.

Dome Petroleum, which pays no dividends, accounted for C$19.8m of the Dome Mines profits.

TRANS-NATAL

Net income at Trans-Natal Coal, a unit of the General Mining group in South Africa, was R4.9m (£2.86m) in the three months to September, the first quarter of the current financial year, compared with R4.4m in the same three months of 1977.

But the latest figures, announced yesterday, show that capital expenditure in the latest quarter at R4m was substantially higher than the R1.25m spent a year before, although less than the R8m spent in the quarter to June, 1978.

During the June quarter, the Matla colliery started production. Trans-Natal's participation is 50 per cent, with the balance held by Clydesdale (Trasvaal) Collieries, another General Mining company.

Matla, which supplies coal on a power station contract, represents the next major growth phase for Trans-Natal, but it is expected to absorb significant amounts of capital expenditure over the next four years. This, coupled with the fact that capital expenditure allowances on Trans-Natal's existing mines are running out are thought likely to limit earnings growth in the near term.

Clydesdale had a net income of R1.4m (£819,340) in the three months to September, against R761,000 in the same period of 1977.

BRENDA PROFITS ADVANCE

Brenda Mines, the British Columbia copper and molybdenum producer, attributes the improvement in profits over the first nine months of the year to higher molybdenum prices and foreign exchange gains, reports John Soganich from Toronto.

Net earnings for the nine months to September were C$9.4m (£4.06m), or C$2.20 a share, compared with C$7.4m, or C$1.74 a share, in the same period of last year. Operating revenue was C$53.1m against C$45.7m.

Although copper prices were higher in the third quarter, the gains from this were offset by lower metal production and higher operating costs.

The improved financial position has led the company to give shareholders an extra dividend of 50 cents a share, as well as a quarterly dividend of 20 cents, which was itself doubled from the previous quarter. The majority shareholder is Noranda Mines with 50.9 per cent of the equity.

MINING BRIEFS

AMALGAMATED TIN MINES OF NIGERIA—Production of concentrates for September: tin concentrates 162 tonnes, columbite concentrates 23 tonnes. (August 151 and 36 tonnes respectively.)

GOLD AND BASE METAL MINES OF NIGERIA—Output of concentrates (73 per cent grade) for September: tin 26 tonnes, columbite nil. Nine months to September: tin 223 tonnes, columbite 3 tonnes. Same period last year: tin 236 tonnes, columbite 5 tonnes.

RAHMAN HYDRAULIC TIN—Output for October 36 tonnes (September 53 tonnes).

BIDS AND DEALS

Meyer's £1m acquisition

The UK's largest timber group Montague L. Meyer is buying a medium-sized timber company based in the Midlands in a deal worth £1m.

The company, L. R. Bootle and Norman, is being purchased by Meyer through a share and cash offer: 912,833 Meyer shares are being issued together with £333,252 cash.

Bootle and Norman is a timber—principally softwood—and sheet material merchant with industrial building component manufacturing interests. It conducts its business in Coventry, Lincoln, Nuneaton and Atherstone.

Meyer said yesterday that the acquisition would extend the group's regional representation.

Meyer's move comes after recent speculation that the group might be interested in another timber group, Bambergers, which has received a bid from International Timber. But the group has only been keen to keep an investment stake in International Timber.

PMA EXPANSION

In a move to strengthen its contract furniture division, PMA Holdings has acquired Roath Furnishing Contracts, of Caerphilly, South Wales.

Roath is a manufacturer of a range of school and laboratory furniture. Its net assets amount to £50,000, turnover is running at £700,000 per annum and it is currently making losses.

Roath's products augment the existing ranges of contract furniture in the PMA group. Existing order books are such that the manufacturing capacity available in Roath will be quickly utilised and it is anticipated that it can become profitable in a relatively short period.

ICFC BACKING FOR CRESTA ART

Industrial and Commercial Finance Corporation has provided a £160,000 loan to Cresta Art Engineering (Highbury), manufacturers of occasional furniture, electrical fittings and light engineering. The loan will enable the purchase of an additional freehold factory at Tower Hamlets for further expansion of the company's activities.

ARGUS/TRIDANT

The Argus Press Holdings bid for Tridant Printers went unconditional yesterday with Argus having gained control of 66.7 per cent of the Tridant ordinary shares and more than 78 per cent of the preference shares — representing 67 per cent of the voting rights.

The bids will remain open until November 29, but Argus retains the right to extend both offers until December 6.

WINN PURCHASE

Engineering and construction group Winn Industries is bidding £725,000 in cash and shares for London Precoated Sheets—manufacturers of tinned and ternecoated steel sheets.

Under the terms of the deal Winn is offering £295,000 in cash—the balance to be satisfied by the issue of 1m Winn shares, to be placed by brokers Joseph Sebag.

Winn says that it is buying net assets of approximately £800,000 and that LPS pre-tax profit for the 10 months to July 31, 1978 was approximately £230,000.

BELHAVEN

Belhaven Brewery Group has subscribed for 45,000 ordinary shares at par in Scopwick Investments, thereby giving it a 90 per cent interest.

Scopwick is a specialist in the modernisation and redevelopment of public houses and will assist Belhaven in making improvements to its recently increased chain of tenanted houses.

HEYWOOD WILLIAMS

Heywood Williams Group has sold its subsidiary, Custom Made Aluminium Products, to Mr. R. W. Jerram and Mr. C. H. Lehmann, executive directors of Custom Made.

In the last published accounts of Heywood Williams, Custom Made contributed a loss of £11,048. The consideration is £20,000 cash.

The disposal is a continuation of the group's rationalisation policy, and a general tidying up operation relative to a small company. Custom Made, which supplies replacement windows direct to the customer, will continue to purchase a substantial amount of its material from Heywood Williams' Finalex and Apollo divisions.

BBI extends on Continent

Barclays Bank International is to extend its instalment finance and leasing activities on the Continent through the acquisition of Universal Kredit Bank in Germany. BBI already has similar operations in Holland, Belgium, France and Italy.

Agreement in principle for the purchase from the Singer Company was announced yesterday. The price was not revealed but the finance house has gross assets of some DM 150m.

Its activities are confined to domestic commercial and industrial business. The deal is expected to be finalised before the end of this year.

SENIOR ENG.

Senior Engineering Group has acquired David Worthington for £370,000 cash.

Worthington, of Blackpool, is a manufacturer both of original equipment and replacement exhaust systems for heavy commercial vehicles. It will become part of Senior's steel tube division and its products are complementary to its manipulation business.

BROCKS GROUP

Brocks Group has acquired from the Receiver of Callbuoy Electronics all the assets of the company, comprising marine communications and land mobile VHF equipment, at asset value for a consideration of £89,960 plus VAT—this is to be satisfied by an immediate cash payment.

This includes full settlement of the earlier transaction referred to in the chairman's statement in the 1977 report and accounts which was for a time in dispute.

SHARE STAKES

Rowntree Mackintosh: Trustees of the Joseph Rowntree Memorial Trust have disposed of 25,000 ordinary shares at 380p and 25,000 shares at 385p. They are now interested in 4,137,498 ordinary shares (7.66 per cent). Sir Donald Barron, the company chairman, is a trustee.

Sutcliffe Speakman: Chairman holds 205,074 shaes and not 201,274 shares as previously reported.

Berry Trust—United Kingdom Temperance and General Provident Institution now holds 1,600,000 shares (10.52 per cent).

Bernard Wardle—Throgmorton Trust has disposed of 250,000 ordinary shares thereby reducing its interest to 750,000 shares (4.18 per cent).

Alexanders Holdings—Board reports that Henry Clayton and family interests purchased 25,000 "A" ordinary shares at 16½p on November 8, 1978.

Marlborough Property Holdings—Mr. W. T. Chown, on October 31, 1978, sold 261,000 ordinary shares thereby reducing his beneficial interest to 592,358 shares (less than 5 per cent). Also on October 31, his wife Mrs. T. V. L. Chown sold 114,000 ordinary shares, being her entitlement under a loan stock conversion arrangement.

Francis Sumner (Holdings)—Mr. S. Wettreich, director, has sold 170,000 shares.

Duple International — W. S Yeates has acquired 100,000 shares making total holding 3,846,666 (9.4 per cent).

General Stockholders Investment Trust—Mr. W. J. R. Govett was reported to have disposed of 300,000 ordinary shares. The company is, in fact, Stockholders Investment Trust.

SAML. OSBORN

Aurora Holdings has sent details of its 80p a share offer for all the 5½ per cent cumlative preference shares of its recently acquired subsidiary Samuel Osborn. An EGM for the preference shareholders is to be held at Aurora's Sheffield offices on December 7.

ASSOCIATES DEALS

Baring Brothers on November 14 bought 100,001 Associated Dairies at 170p for Discretionary Investment clients.

Panmure Gordon and Company bought 1,500 Midland Educational at 238p for Alfred Preedy and Sons.

LINDUSTRIES

In a £15,000 deal, Lindustries has acquired the coil strip process machine division of Redman Engineering.

APPOINTMENTS

Changes at Albright & Wilson

Group management changes have been made by ALBRIGHT AND WILSON. Dr. Malcolm B. Clark to be managing director of Bush Boake Allen in place of Mr. R. G. Mason, who retires in 1979; Mr. Julian Boyden will succeed Dr. Clark as chairman of BBA's flavours sector; Mr. G. R. James will become chairman of the detergents section from January 1 succeeding Dr. Giorgio Mira, who is leaving the company and returning to Italy; and Dr. Stewart Cox appointed managing director of Albright and Wilson (Australia) from the beginning of next year replacing Mr. James.

★

Mr. Michael Blanden, banking correspondent of the Financial Times, has been appointed Editor of Financial Weekly, the new financial newspaper to be published in the New Year by Fleet Financial Publishing. Mr. Blanden has been with the Financial Times for nine years and was previously City Editor of the Guardian.

★

Commercial Union Assurance Company states that Mr. Michael Fenton-Jones will, at his own request, relinquish his position as managing director of COMMERCIAL UNION PROPERTIES from March 31, 1979, but will remain on the Board of that company as a non-executive director. Mr. Fenton-Jones intends to continue his involvement in the property world. Mr. John Parry will become managing director of Commercial Union Properties and Mr. Michael K. Holloway will continue as finance director of that concern.

★

Mr. Keith A. Kimber has been appointed sales director of D. and R. England, Standeven and Co., and Duncan Barraclough and Co., subsidiaries of JOHN FOSTER AND SON. He has not become sales director of John Foster and Son as reported yesterday.

★

MAGNET JOINERY SALES has apointed three new members to its Board. They are: Mr. Christopher J. Oxford (Merseyside and North Wales), Mr. Paul T. Duxbury (export sales), and Mr. John Suckling (Lancashire).

★

Mr. Barry Linger has been appointed engineering director of HOWARD ROTAVATOR COMPANY in succession to Mr. John Craig, who takes over as director of the new product management department.

★

Mr. Cedric Stevenson has joined the BRITISH NUCLEAR FORUM as assistant director. Claire Mascall has become assistant secretary general of the European Association of Nuclear Forums. British Nuclear Forum is an association of over 40 organisations involved in the development of peaceful uses of nuclear energy.

★

Mr. P. W. Brown, managing director of BROWN AND JACKSON is to retire for personal and family reasons on December 31.

★

Sir Raymond Pennock, a deputy chairman of Imperial Chemical Industries, has been elected president of the CHEMICAL INDUSTRIES ASSOCIATION to succeed Mr. Stuart Woodhams.

★

Mr. Mike Allen has been appointed managing director of LETRASET UK succeeding Mr. Tony Philipson, who has been made divisional director of European operations for Letraset International.

★

Mr. Peter Cliff, managing director of SSI Fix Equipment, has been appointed president of the STORAGE EQUIPMENT MANUFACTURERS ASSOCIATION for 1978-79.

★

Mr. Allan Appleton has been appointed managing director of LIN PAC MACHINERY SERVICES, a subsidiary of Lin Pac Plastics International.

★

Mr. Kenneth White has been appointed to the board of ROBERT STOCKWELL.

★

Mr. David Cruickshank and Mr. David Nickell have been appointed partners in the CORPORATE CONSULTING GROUP.

★

Mr. Solomon Mester has been appointed president of MAX FACTOR K.K., the Japanese operating unit of Norton Simon Inc.

★

Dr. W. Dekker, chairman and managing director of Philips Industries between 1972 and 1976, is to be proposed as vice-president of N.V. PHILIPS GLOEILAMPENFABRIEKEN, the holding company of the Dutch-based electronic and electrical group, at a shareholders' meeting on December 7. He will take up his new position at the beginning of next year.

★

Mr. Philip Gheerbrant, since 1974 an advances manager in London of National Westminster Bank's international banking division, has been appointed deputy managing director of ROYWEST BANKING CORPORATION, an associate of NatWest, based in Nassau, Bahamas.

★

Mr. D. A. Fagg has been appointed managing director of PROTECTIVE PAPERS, a member of the St. Regis Printing and Flexible Packaging Division. Mr. Fagg was previously plant manager of Bowater Consumer Packagings (Flexible Division).

★

Mr. John A. Bennett, managing director of Citibank (Channel Islands), has been appointed a vice-president in the international banking group of CITIBANK.

★

JOSEPH CARTWRIGHT states that Mr. Arthur A. Crocker has retired for health reasons and has relinquished the chairmanship of J. Cartwright Construction and has other group directorships. Mr. John W. Fisher is now chairman of J. Cartwright Construction, Mr. Geoffrey Rumskill, assistant managing director, and Mr. Eric Mould becomes a director. Mr. Peter Bewell continues as managing director of that company.

★

Mr. Alan Marcuson has been appointed executive director of COVER PUBLICATIONS from December 1.

★

Mr. Neil Maidman has been appointed production director of DON INTERNATIONAL.

★

CHEMICAL BANK INTERNATIONAL, the merchant banking member of Chemical Bank, New York, has appointed Mr. Alex Gibson, formerly an assistant director of the bank, as an executive director. Also appointed an executive director is Mr. Z. A. Frangopoulos, who will have charge of the merchant banking group in New York. Miss Josephine Prevost and Mr. Rex Pingle have joined the Board of Chemical Asia, the Hong Kong merchant banking subsidiary.

★

Lord Greenhill of Harrow has been elected a governor of the BRITISH UNITED PROVIDENT ASSOCIATION (BUPA).

★

Mr. P. Magnus has been appointed a director of NEW CENTURY VENTURES GROUP.

★

Mr. J. C. Wood and Mr. W. S. Kennedy have been appointed directors of SINTERED PRODUCTS following the retirement of Mr. G. R. Rothero as works director. The parent concern is Sheepbridge Engineering.

★

Mr. J. A. Blair is rejoining the Board of AIRFIX INDUSTRIES on his retirement from his commitments as managing director of Hill Samuel SA in South Africa.

★

Mr. Ian M. Barber, former finance director of Cope Allman International, has joined the Board of MERTON ASSOCIATES (CONSULTANTS) as an executive director.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Cargill makes $67.5m bid for beef slaughterhouse

BY STEWART FLEMING

NEW YORK, Nov. 15.

CARGILL, the giant U.S. grain company, today launched a $67.5m takeover bid for one of the nation's largest beef slaughterhouses, MBPXL Corporation of Wichita, Kansas.

The move follows an announcement last week that Pacific Holdings, like Cargill, a private company, was moving to acquire 82 per cent of the largest U.S. beef slaughtering company, Iowa Beef Processors, for $225m.

Pacific Holdings' which makes containers and ceramic products and is involved in mining ventures, already owned 18 per cent of Iowa Beef. Last year Iowa Beef reported sales revenues of $2bn and net profits of $30m.

MBPXL is a smaller beef processing concern, with sales last year of $986m and net income of $5.3m, or $2.16 a share. Cargill's $27 a share offer puts the company on an exit price earnings multiple of 12.5 compared with an exit multiple of 9.5 for Iowa Beef.

Cargill's swoop on MBPXL appears to be designed to try to block any rival offer. Cargill disclosed that it has already contracted to purchase about 6 per cent of the common stock of MBPXL from major shareholders in the company whom it did not name. It remains to be seen whether this prior arrangement is challenged. The takeover interest in the beef slaughterhouse business is undoubtedly related to the bright long term prospects which many analysts see, and also to the immediate outlook.

The beef cycle is currently at a low ebb. In the wake of the 1974-75 recession, with beef prices depressed and feed costs high, many ranchers reduced the size of their herds. More recently, however, the recovery in demand, coupled with the restriction in the supply of cattle for slaughter from the smaller herds, has resulted in soaring prices for beef. This situation is expected to continue for two or three years, since it takes some time for herds to build up again. Profits in the slaughter industry are thus expected to increase sharply, although analysts predict that there could be substantial quarter to quarter swings in prices and profitability.

Mergers at Time Inc. become effective

NEW YORK, Nov. 15.

MERGERS OF Inland Container and American Television and Communications into wholly-owned separate subsidiaries of Time Inc. have now become effective.

The Inland merger was achieved through an exchange of cash and common and preferred stock of Time, the deal being valued at $275m. The American TV merger, valued at $145m, was effected for cash and new Time preferred stock.

AP-DJ

Simmons sale

Industrial Valley Bank and Trust has agreed to buy all outstanding stock of American Acceptance, a wholly-owned subsidiary of Simmons, itself the subject of an offer from Gulf and Western, AP-DJ reports from Philadelphia. American Acceptance is a commercial finance concern, specialising in inventory financing.

Lykes meeting

A federal judge has denied a motion seeking to relay the Lykes shareholders meeting on December 5 to vote on merger with LTV Corporation, AP-DJ reports from New York. Mr. Marshall P. Safir, chairman of Sapphire Steamship until it went bankrupt in 1967, had sought to block the merger vote until a court of appeals in Manhattan acts on his request for a rehearing on a separate legal case he has pending against a Lykes subsidiary.

Court denies Kennecott

WOODRIGE, Nov. 15.

CURTISS-WRIGHT said the U.S. Court of Appeals for the second circuit has denied Kennecott Copper's request that it reconsider its recent decision upholding Curtiss-Wright's appeal in the Kennecott proxy contest litigation.

Mr. T. Roland Berner, the chairman of Curtiss-Wright, said the decision clears the way for the Court-ordered reconvening of the Kennecott annual meeting, for stockholders to express their preference for directors.

He said the annual meeting had been temporarily delayed by Kennecott's petition Agencies

Department store gains

NEW YORK, Nov. 15.

FURTHER TRADING reports from the department store sector show advances in both sales and profits.

Carter Hawley Hale Stores, with gains of 13.6 per cent to $24.9m in net earnings and 32 per cent to $1.33bn in sales at the nine-month stage, is well on the way to achieving its forecast of record sales and profits for the year. Share earnings have rise so far from 82 cents to 92 cents, against a forecast of earnings "substantially ahead" of the $2.37 a share earned in the previous year.

Carter Hawley's third quarter brought a 12.7 per cent gain in net earnings at $10.6m or 40 cents a share against 36 cents, on sales increased by 32 per cent to $408.6m.

Meanwhile, Federated Department Stores reported a 2 per cent gain to $99.6m in net earnings and 9 per cent to $3.6bn in sales at the end of the first nine months trading. Share earnings of $2.07 compared with $2.03.

For the third quarter, Federated turned in net earnings 2 per cent higher at $46.3m or 96 cents, against 94 cents, on sales increased by 8.3 per cent at $1.3bn.

Agencies

RETAIL SUPERMARKETS

Falling dominoes

BY JOHN WYLES

THE Domino Theory, once part of the lingua franca of Vietnam war strategists, is now tripping off the lips of analysts of the U.S. retail supermarket scene, as first one and then another grocery chain topples into bankruptcy proceedings.

The domino analogy was, in fact, suggested by one of the tottering chains, Allied Supermarkets of Livonia, Michigan, which draws annual sales of $760m from operating 114 supermarkets in three states. Announcing last week that it was filing for protection from its creditors under Chapter 11 of the federal bankruptcy laws, Allied laid some of the blame at the feet of Food Fair, a leading eastern supermarket chain which filed for Chapter 11 in October listing assets of $492.6m and liabilities of $353m.

Quite simply, Allied's trade creditors and banks, themselves under pressure from rising interest rates, and aware of the company's financial frailty after five consecutive years of loss-making, had been acutely reminded of their financial exposure by the Food Fair debacle, and wanted to protect themselves through "changes" in their credit arrangements.

Under Chapter II, a company may continue to operate while enjoying court protection from creditors' lawsuits, so that it can work out a plan for paying its debts.

Once creditors become afflicted by a loss of confidence and start shortening payment terms, or even demanding cash on delivery, they are tapping a vein of cash flow which can lead to swift paralysis for a supermarket operation. Thus the crisis of confidence started at Food Fair, swept through Allied, and may engulf others.

Not surprisingly, attention is now focusing on the Great Atlantic and Pacific Tea Company, once the largest supermarket chain in the U.S. and for the past four years a beached whale struggling for safe water. Having lost $16.3m in the first half of its 1978 fiscal year, A and P is framing its second recovery programme in four years, although the first has left it with only half as many stores

As trading conditions tighten throughout the supermarket industry, recent trading failures threaten to have a "ripple" effect on other retail groups

as it had in 1973. But money is not all that has been lost. Management's credibility with investors and suppliers is certainly not what it was, while customers who voted with their feet have not yet been lured back to the fold by the astonishing re-introduction in September of trading stamps, some six years after A and P had phased them out.

However, with McKinsey and Company retracing the 1974 footsteps of Booz, Allen in an effort to develop a new strategy for A and P, there is still a mood of confidence at corporate headquarters in Montvale, New Jersey, that the dark years in the company's 121-year history will be survived, not least because enough cash is apparently being generated to satisfy supplier debt.

With suppliers financing anything between 50 and 80 per cent of a supermarket chain's inventories at any one time, the loss of only a small proportion of this line of credit can be fatal, as Food Fair could testify. As the country's eighth largest supermarket chain, with sales of $2.4bn a year through 440 supermarkets and 79 discount stores, it has all of A and P's problems on a much larger scale. Although both chains have suffered badly from competition from the fast food industry and a snail-like pace of growth in sales, which have failed to keep pace with price inflation over the past five years, equal blame has to be attached to weak management and exceedingly poor accounting practices.

Food Fair's president, Mr. Jack Friedland, was forced to step down as president on Monday on the eve of bankruptcy hearings which revealed that in the 20 days after bankruptcy was filed on October 2, the company lost $10.7m. A large portion of the losses were attributable to suppliers refusing to deliver goods which had been ordered, particularly to the J. M. Fields discount store division.

Field's creditors are claiming around $40m, and are in conflict with the Food Fair grocery suppliers, and this has led to the creation of two separate creditors' committees, one for each group. The bankruptcy court was told on Tuesday that thanks to Food Fair guaranteeing Fields' debts to suppliers, merchandise was again rolling into the discount stores in time for the Christmas selling season. Food Fair is searching for a new chief executive and is hoping that a change at the top, coupled with the hiring of Touche Ross to develop a new accounting system, will generate sufficient confidence to put an end to what Mr. Friedland has termed "a temporary liquidity problem."

EUROBONDS

Renewed weakness in DM sector

By Francis Ghilès

THE International bond markets were mixed yesterday with prices in the dollar and sterling sectors moving up while those in the Deutsche Mark sector finished the day about a quarter of a point down.

"All Quiet on the Western Front," was one dealer's comment: a stable dollar, and no no marked shift in interest rates helped push up prices of dollar-denominated bonds by ¼ to ½ of a point on the day.

The prices of longer dated issues moved up more on average than those of shorter term paper. In the sterling sector, most issues put on a further half point.

The Deutsche Mark sector was weaker again yesterday: prices fell at the start of trading, and despite staging a recovery in the afternoon ended the day on a softer note than Tuesday. The reception of the DM400m for the World Bank announced last Tuesday was described as reasonable, but nobody is calling it a "hot" issue.

The DM150m straight issue for the Republic of Finland is expected to be priced to-day by the lead manager, Dresdner Bank.

The continued weakness in this sector of the market is all the more notable as it occurs at a time when the domestic Deutsche Mark market is showing signs of greater firmness. The Bundesbank was able to sell DM48m worth of paper yesterday.

The KD10m bond for the Algerian state shipping company CNAN has been priced at par with conditions otherwise unchanged by the lead managers, BAII and KFTCIC. The next Kwuaiti dinar-denominated bond will be for the Banque de Developpement Economique de Tunisie: KD7m for even years with an indicated coupon of 8 per cent. The lead manager for this bond, which is being underwritten entirely by the managers, is Kuwait Investment Company. This issue carries a sovereign guarantee.

The Banque Extérieure d'Algérie is arranging a SwFr100m private placement with Handelsbank in Zurich. Indicated terms include a maturity of five years and a coupon of 5¼ per cent.

Seagram sees 10% gain

MONTREAL, Nov. 15

SEAGRAM, the world's biggest drinks business, sees first quarter earnings more than 10 per cent higher than the U.S.$28.1m or 80 cents a share recorded last year. Mr. Philip Beekman, president, told the annual meeting that the future "looks even better" than in previous years.

International operations are trending upward and becoming a more significant part of the group's business, providing a better balance to overall results, while oil and gas should add significantly to earnings in the coming years, Mr. Beekman declared.

The oil and gas subsidiary had its best year in exploration and discovery with finds in West Pembina, offshore Texas and in the Gulf of Thailand, where significant amounts of natural gas were found in three more discovery wells this year.

The 23 per cent contributed by oil and gas operations to total operating income was lower than the previous year because of increasing popularity of wine and spirit operations, Mr. Beekman said.

Later, the company raised its quarterly dividend from 23 cents to 28 cents (Canadian) a share, payable December 15

Reuter

George Weston growth slows

TORONTO, Nov. 15

WITH NET earnings showing a gain of 112 per cent at $31.7m at the end of the first nine month, George Weston, the Toronto-based supermarket and food processing group, is increasing the quarterly dividend by 3 cents to 21 cents

Agencies

AMERICAN QUARTERLIES

BEKER INDUSTRIES

Third Quarter	1978 $	1977 $
Revenue	50.6m	45.6m
Net profit	*3.85m	*257,000
Net per share	*0.34	*0.02
Nine Months		
Revenue	149.4m	127.7m
Net profits	*5.48m	986,000
Net per share	*0.48	0.09

* Loss

CARNATION

Third Quarter	1978 $	1977 $
Revenue	649.8m	593.2m
Net profits	27.9m	26.7m
Net per share	0.75	0.72
Nine Months		
Revenue	1.88bn	1.71bn
Net profits	87.85m	80.97m
Net per share	2.36	2.17

KROEHLER MANUFACTURING

Third quarter	1978 $	1977 $
Revenue	41.4m	45.3m
Net profits	2.14m*	1.87m*
Net per share	1.66*	1.44*
Nine months		
Revenue	109.8m	112.8m
Net profits	6.09m*	3.91m*
Net per share	4.72*	3.03*

* Loss

McGRAW-HILL RYERSON

Third quarter	1978 $	1977 $
Revenue	9.2m	8.5m
Net profits	1.5m	1.4m
Net per share	0.75	0.70
Nine months		
Revenue	18.6m	17.2m
Net profits	2.1m	2.1m
Net per share	1.06	1.07

PERKIN-ELMER

First Quarter	1978 $	1977 $
Revenue	152.4m	115.6m
Net profits	9.57m	4.62m
Net per share	0.48	0.24

PLAYBOY ENTERPRISES

First Quarter	1978 $	1977 $
Revenue	73.99m	65.33m
Net profits	4.5m	4.3m
Net per share	0.45	0.45

READING & BATES OFFSHORE

Fourth Quarter	1978 $	1977 $
Revenue	58.1m	47m
Net profits	5.25m	6.12m
Net per share	0.68	0.80
Year		
Revenue	195.1m	200.9m
Net profits	22.63m	20.87m
Net per share	2.92	2.72

SONESTA INT. HOTELS

Third quarter	1978 $	1977 $
Revenue	29.8m	25.7m
Net profits	939,000	496,000
Net per share	1.08	0.21
Nine months		
Revenue	86.6m	78.2m
Net profits	2.41m	2.47m
Net per share	1.34	1.07

SUPERIOR OIL

Third Quarter	1978 $	1977 $
Revenue	197.2m	143.0m
Net profits	11.1m	18.5m
Net per share	2.78	4.61
Nine Months		
Revenue	515.0m	394.4m
Net profits	31.3m	57.4m
Net per share	7.82	14.35

WINNEBAGO INDUSTRIES

Fourth Quarter	1978 $	1977 $
Revenue	73.9m	37.0m
Net profits	1.16m	*2.56m
Net per share	0.05	*0.10
Year		
Revenue	229.1m	213.9m
Net profits	1.11m	3.21m
Net per share	0.04	0.13

* Loss

VONTOBEL EUROBOND INDICES

14.5.76=100%

PRICE INDEX	14.11.78	7.11.78	AVERAGE YIELD	14.11.78	7.11.78
DM Bonds	104.91	105.40	DM Bonds	6.592	6.506
HFL Bonds & Notes	100.26	99.81	HFL Bonds & Notes	8.307	8.399
U.S. $ Strt. Bonds	96.01	95.77	U.S. $ Strt. Bonds	9.520	9.571
Can.-Dollar Bonds	94.41	94.40	Can.-Dollar Bonds	10.521	10.510

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1970=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
3rd qtr.	106.3	103.3	106	104.3	234.2	1,413	151
4th qtr.	105.9	102.1	107	104.4	239.4	1,431	157
1978							
1st qtr.	107.1	102.3	110	106.2	246.0	1,409	188
2nd qtr.	111.1	105.0	106	108.0	254.2	1,367	213
3rd qtr.	110.6	104.8		110.8	267.6	1,380	213
May	110.1	103.7	115	108.4	255.2	1,366	210
June	111.7	105.9	100	108.7	257.3	1,365	217
July	111.1	105.2	107	111.4	265.3	1,371	211
August	110.9	105.2		111.8	270.3	1,392	209
Sept.	109.8	104.0		109.5	266.6	1,378	219
Oct.				109.5		1,360	228

OUTPUT—By market sector; consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
3rd qtr.	104.3	98.7	116.5	99.9	107.8	101.3	25.4
4th qtr.	104.9	97.5	114.4	98.7	95.2	100.2	20.7
1978							
1st qtr.	105.3	99.8	116.3	100.8	95.4	97.2	17.8
2nd qtr.	107.9	99.2	122.9	100.7	108.2	99.4	26.7
3rd qtr.	107.1	100.5	122.4	101.6	102.3	100.6	22.8
May	107.0	99.0	121.0	100.0	106.0	97.0	25.1
June	109.0	100.0	124.0	101.0	112.0	98.0	30.7
July	106.0	101.0	124.0	101.0	113.0	101.0	23.6
August	108.0	101.0	122.0	103.0	93.0	101.0	20.3
Sept.	107.0	99.0	121.0	100.0	101.0	99.0	24.5

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance: current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
3rd qtr.	124.4	106.6	+31	+574	−602	101.0	13.4
4th qtr.	117.6	102.7	−5	+507	−657	102.4	20.39
1978							
1st qtr.	120.0	114.1	−608	−313	−642	104.8	20.63
2nd qtr.	122.5	110.4	−150	+183	−398	104.6	16.75
3rd qtr.	126.1	116.0	−281	−56	−511	105.2	16.56
June	122.0	111.9	−101	+10	−107	104.2	16.54
July	127.1	116.1	−134	−59	−221	104.5	16.74
August	125.2	111.2	+68	+143	−95	105.7	16.4
Sept.	125.9	120.7	−215	−140	−195	105.5	16.51
Oct.	128.2	111.8	+119	+209	−131	105.2	15.97

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
3rd qtr.	28.0	10.4	20.3	+365	1,157	1,149	7
4th qtr.	23.2	12.6	8.7	+698	1,639	1,189	7
1978							
1st qtr.	24.3	23.8	17.5	+1,791	1,049	1,260	6½
2nd qtr.	8.5	15.7	24.6	+2,853	694	1,393	10
3rd qtr.	16.8	5.3	8.5	+520	746	1,427	10
June	8.5	15.7	24.6	+310	147	459	10
July	9.3	9.5	35.0	+110	200	458	10
August	5.7	1.6	15.8	−294	200	493	10
Sept.	16.8	5.3	8.5	+704	346	476	10
Oct.					363		10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Stlg.
1977							
3rd qtr.	116.1	146.4	142.9	184.7	192.1	239.9	61.8
4th qtr.	119.9	142.2	145.8	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.5
2nd qtr.	129.9	146.3	152.0	195.8	203.8	242.27	61.5
3rd qtr.	133.2	144.9	154.7	199.2	206.2	253.74	62.4
June	133.1	147.0	152.7	197.2	206.7	242.27	61.3
July	133.6	145.8	153.8	198.1	206.1	237.68	62.1
August	131.7	144.2	154.8	199.4	206.2	248.54	62.4
Sept.	134.2	144.8	155.6	200.2	206.3	253.74	62.7
Oct.		145.7	156.4			265.22	63.1

* Not seasonally adjusted.

Currency movements slow Philips in third quarter

BY CHARLES BATCHELOR

AMSTERDAM, Nov. 15.

PROFITS AT Philips, the Dutch electronics group, declined in the third quarter of 1978, despite the slightly higher than expected increase in volume sales. Currency movements, in particular the sharp decline of the dollar, had a major impact on the result, with cost increases and tougher competition also playing their part.

The company expects volume sales to rise by about 8 per cent this year—a slightly higher rate of increase than the 7 per cent forecast earlier, Mr. R. C. Spinosa Cattela, a member of the management board, said. The increase in the first nine months was 8 per cent, although cash sales rose only by 5 per cent.

Net profit fell by 14 per cent to Fl 129m ($59m) compared with the same 1977 quarter. Trading profit fell by only 5 per cent to Fl 507m with the sharper drop at the net level partly explained by the near doubling of extraordinary items to Fl 136m; this was due largely to currency movements. Sales rose by 3 per cent to Fl 7.83bn.

The decline at the net level was less marked in the first nine months and profit was 2 per cent lower at Fl 481m. Trading profit fell by 6 per cent to Fl 1.47bn. Sales were 5 per cent higher at Fl 23bn.

Philips will announce its interim dividend on December 7. Last year's interim payment was Fl 0.60 per Fl 10 nominal share followed by a final dividend of Fl 1.10.

The strongest increase in cash sales in the first nine months came in the sectors of home electronics, domestic appliances and personal care products and professional products. These were considerably higher than the 5 per cent average increase. Cash sales of the industrial supplies division were about the same as in 1977, while miscellaneous activities were below last year's level. The last two sectors suffered particularly from currency parity changes, while the industrial products division met strong competition.

Cash sales in Latin America and Asia rose most strongly. In Europe sales reflected the 5 per cent increase of the group as a whole. Sales in North America showed a favourable rate of increase expressed in dollars. In Australia and New Zealand, sales were below the corresponding 1977 period.

Trading profits came under the strongest pressure in the industrial products division. In home electronics, professional products and miscellaneous activities profit was higher than in 1977, expressed as a percentage of deliveries.

Philips plans to launch its video LPs on the U.S. market within the next six weeks. It will be the first producer to market VLPs in the U.S. VLPs are double sided discs which play back films on a television set when "read" by a laser beam. Philips has an agreement with MCA to record their films on disc and it will initially offer 500 titles.

Philips expects to invest Fl. 1.5bn this year, slightly more than cash flow. Stocks at September 30 were 30.3 per cent of sales compared with 32.1 per cent a year earlier. Its worldwide workforce rose by 3,900 to 388,300 in the first nine months. This included an increase of 4,700 at U.S. Philips Trust and a fall of 1,900 in Holland and the UK.

Agache-Willot shows losses

BY DAVID CURRY

PARIS, Nov. 15.

THE DELAYED accounts of the holding company of the Agache-Willot textile and stores group, and of its main subsidiary Consortium General Textile, have finally been published and both show substantial losses.

The absence of accounts has been worrying the stock exchange monitoring body Commission des Operations de Bourse, particularly as this year the four Willot brothers who control Agache-Willot have taken control successively of the Belgian stores group Galeries Anspach, the French textile empire Boussac, and the U.S. Korvette chain of shops.

In fact, the COB will have to wait some time to see how well the group has digested its acquisitions since the present financial year of the companies concerned in the take-overs is being stretched to 18 months.

The Willots, for their part, have dismissed the greater part of the losses as temporary book-keeping abberations rather than real losses, and have proposed to lift the dividend for 1977 from FFr 5.30 to FFr 12, exclusive of the tax bonus.

The main problem area is the Consortium General Textile, whose turnover was 17.5 per cent up at FFr 1.28bn ($291m) but whose operating results showed a deficit of FFr 1.77m ($409,000) against a profit of FFr 38.3m after depreciation and exceptional provisions for the losses of subsidiaries the final loss comes out at FFr 163.19m ($37.77m).

"These provisions and depreciation do not change the value of the industrial potential of the company," the group comments.

The results of the CGT have weighed heavily on those of the parent company Agache-Willot for the financial year ended March 1978, for which a substantial provisional profit was originally declared.

Agache-Willot posted operating profits of FFr 26.7m ($6.18m) against FFr 19.5m for the previous (15 month) financial year, but has had to make FFr 78m ($18m) provisions by virtue of its stake in CGT, leaving it with a loss of FFr 34.6m ($8m).

Agache-Willot dismisses this provision as a book-keeping operation which "does not change the economic value of the stake." It also notes that the Agache-Willot 70 per cent stake in Sidef Conforama expansion figures in the balance sheet for FFI only whereas the concern made a final profit of FFr 37.7m in 1977.

The publication of the results will do little to still the criticisms of the way in which the Willots go about their book-keeping. The CGT's final loss is more severe than the market had expected.

The other big subsidiary, Saint-Freres, saw 1976 profits of FFr 34.4m reduced to FFr 8m.

However, there seems no immediate crisis in view, since a number of the commercial operations (Conforama and Bon Marche, for example) are in good health. In adidtion, the Willots' payment for the acquisition of Boussac will take years to complete while they have already got control of stocks worth between FFr 350-400m; a FFr 128m loan on comfortable terms, and the Boussac group's real estate interests.

SKF still carrying financial burden

By John Walker

STOCKHOLM, Nov. 15.

THE FINANCIAL burden of SKF, the Swedish bearings, steel and machine tool concern, remains evident in its report for the first nine months of 1978.

Income before exchange differences and extraordinary items dropped to SKr 98m from SKr 143m in January-September, 1977. However, group operating income before depreciation was up from SKr 629m to SKr 670m ($155m) while, after depreciation of SKr 326m, group income was still a shade higher at SKr 344m ($75m) against SKr 338m previously.

After the first six months of this year, operating income after depreciation was SKr 20m higher at SKr 244m. But there was a drop of SKr 15m to SKr 83m before exchange differences, etc., reflecting an SKr 35m increase in net financial expenses.

SKF increased sales during the first nine months of this year by 19.6 per cent to total SKr 6.9bn ($1.6bn) compared with SKr 5.79bn for the first nine months of 1977.

Roller bearing sales (including deliveries to other product fields) rose by 17.3 per cent to SKr 5.3bn ($123m). The corresponding increase for steel products was 19.8 per cent to SKr 1bn ($240m), cutting tool sales went up by 29 per cent to SKr 355m ($82m) and other products rose 27.4 per cent to SKr 745m ($173m). Results in different product fields and for different companies were uneven. Measures taken to reduce inventories proved successful but in certain cases it also led to further reduction of capacity utilisation in the roller bearing sector. Despite the considerable costs incurred by stepping down production, ball and roller bearings contributed to the major part of group profits. Results in the cutting tool business as a whole were satisfactory. Losses were recorded in the steel sector but they were substantially lower than those shown a year previously.

In the final quarter of 1978, profitability is expected to improve substantially over the July-September period. It is anticipated that profitability for the full financial year before exchange differences, extraordinary items, provisions and taxes will be about the same level as those for 1977.

AUSTRIAN SAVINGS

Tightening the subsidies

BY PAUL LENDVAI IN VIENNA

THE AUSTRIAN federal state spends about Sch 5.5bn ($399m) a year on various forms of subsidies for savings, but the steadily rising budget deficit has forced the Treasury to carry out a reappraisal of its measures. Spokesmen for the savings banks and some financial experts have criticised the latest squeeze, which involves a reduction of tax rebates on federal bonds.

Between 1958 and 1976 every Austrian resident was able to buy federal and public bonds to a value of Sch 100,000 per annum with the state "paying" for 15 per cent of the nominal issue price and with interest not subject to taxation, provided the holders did not sell the bonds before maturity. Last year, the rebate was reduced to 10 per cent and now Finance Minister Dr. Hannes Androsch has publicly announced in connection with the next federal budget that the tax concession will be further reduced to 5 per cent from 1979.

As the subsidies under this heading account only for Sch 800m of the annual Sch 5.5bn spent on promoting savings, critics point out that the projected reduction of the tax rebate will not bring an appreciable relief. They also stress that it would be psychologically important to induce the average and increasingly affluent Austrian to invest in bonds and equities.

According to recent opinion surveys, 77 per cent of Austrian households with an average monthly income of Sch 5,000 to Sch 8,000 run a savings account. However, only one in three have a building society deposit and a mere 3 per cent own bonds.

The situation is even more marked for equities. Only 1.8 per cent of all Austrian households have shares and 2.8 per cent own mortgage bonds. Even among the self-employed categories, only 5.3 per cent have invested in shares, 6 per cent in bonds and 7.7 per cent in mortgage bonds.

The small Austrian investor tends to judge the various schemes available not only in terms of yield, but also in terms of maturity, security and simplicity

Meanwhile, the so-called premium savings deposits where the state provides an interest subsidy provided there are no withdrawals within the five year contractual period and regular payments are made into the account every three months, are also regarded as a success story. It has been calculated thatthrough federal expenditure of Sch450m in 1976, for example, aggregate savings under this heading jumped by Sch 8bn. In this field, too, there have been some curbs, including a prolongation of the contracts by one year. The building society deposits system has also been somewhat tightened.

Young people can particularly profit from the premium savings schemes. Thus, persons below 35 years can receive a credit after the maturity of the deposit contract in line with the actual amount on the premium savings deposit. The state provides a guarantee for 60 per cent of the credit, which can reach up to Sch 150,000 in the case of a housing loan.

Financial experts in Austria also point out that the small Austrian investor judges the various forms of saving schemes not only in terms of yield, but also in terms of maturity, security and simplicity. In this sense, therefore, Austrian bank secrecy or, put another way, the anonymity of savings also plays a crucial role.

But Austria is also the country of the so-called "grey" interest rates. In practice, this means no more and no less than a higher rate of interest, free of taxation, than on bonds. For example, Austrian banks competing with one another are willing to pay twice as much as the nominal 4 per cent interest rate on normal savings accounts for a deposit of, say, Sch 500,000 or more. The going rate is currently well over 7 per cent. Furthermore, under the conditions of anonymous savings, the interest is not subject to taxation.

But the ceiling was, and is, Sch 100,000. Under present conditions, buyers of such bonds will have to think twice whether they would be better off opening a savings account, or arranging a "very grey" rate with the branch manager.

This is one of the reasons why economic observers are critical of the latest measures restricting subsidies for bonds. What Austria needs, they feel, is more risk capital and the promotion of medium enterprises not subject to state supervision.

The latest measures may well slow down the process of channelling savings into long-term investments. After all, it is calculated that all federal promotion measures and subsidies involving building society and premium savings deposits, as well as bond rebates and life and health insurance, amount to a mere 2 per cent of the total budget.

Nixdorf to retain control after VW link

By Jonathan Carr

BONN, Nov. 15.

THE privately-controlled West German computer company, Nixdorf, has made clear that it does not plan to relinquish a majority holding to Volkswagen in current talks between the two concerns.

Nixdorf said that the discussions were about the possibility of a capital increase by stages which will not, however, lead to a majority stake in Nixdorf by Volkswagenwerk.

Both sides, Nixdorf said would examine seriously and critically all possibilities which, through a capital increase, could strengthen Nixdorf's position as "an international, independent computer enterprise," and which could bring it new markets.

Word that Nixdorf and Volkswagen were holding co-operation talks emerged earlier this week. One magazine reports said Volkswagen was seeking a 50 per cent stake in the computer concern for an estimated DM 500m ($265.2m), but neither company confirmed this.

A move into Nixdorf would be the first indication of how VW intends to invest its profits and diversify into sectors not immediately affected by the fluctuations of the car market.

MEDIUM-TERM CREDITS

Colombia seeks $500m

BY JOHN EVANS

THE REPUBLIC of Colombia is planning to raise a large new loan package totalling around $500m among international banks, according to Euromarket bankers.

The loans will be designed to refinance part of Colombia's existing Euromarket debt as well as meeting the country's requirement for new development funds. Up to two-thirds of the total could be used for restructuring past credits.

Banks are currently submitting proposals for the new financing, and no final decisions have yet been taken.

The Republic is understood to be seeking loan maturities as long as 10 to 12 years, with spreads ranging upwards from ¾ per cent over interbank rates.

By contrast, some of the existing loans Colombia wants to refinance carried margins of between 1½ and 1¾ per cent.

The Brazilian national railways, Rede Ferroviaria Federal, has completed arrangements for raising a $36m 10-year credit from a banking group headed by Sanwa Bank. The spread on the loan, which will be used to purchase imports of rail equipment from the U.S., is 1⅛ per cent.

The Brazilian state nuclear agency, Nuclebras, has indicated that it wishes to prepay a $30m credit originally obtained towards the end of 1977. The five-year deal carried a spread of 1¾ per cent.

Nuclebras is currently assembling a $75m 10-year loan at 1 per cent via a group of banks headed by Dresdner Bank. Bankers suggest the agency wants to retire some of its past high-cost debt because of favourable market conditions for new loan operations.

Societe Financiere Europeenne is arranging a $50m 10-year loan for the Republic of Ecuador. The spread arrangement is ¾ per cent for the first four years, and ⅞ per cent thereafter.

At the same time, the Inter-American Development Bank is scheduled to arange a parallel loan for the same borrower for a slightly larger amount. The funds from the entire operation will be used by INECEL, the state power corporation.

The Dominican Republic is seeking $175m over eight years. Chase Manhattan Ltd. and Royal Bank of Canada are joint lead managers for the credit, which pys a spread of 1¼ per cent for the first three years and 1⅜ for the remaining five.

EOE cites UK opposition

BY JAMES BARTHOLOMEW

UNITED KINGDOM options quoted on the European Options Exchange in Amsterdam have not yet been successful, partly because of open or veiled opposition from London, the exchange's general director Mr. Tjerk Westerterp said yesterday.

Since the inception of the EOE, the Dutch market has been unable to obtain up to date prices of UK shares from the London Stock Exchange on which to base options prices. The EOE has appeared to accept that London could keep dealings in UK options to itself. But yesterday Mr. Westerterp implied that the EOE had not given up hope of dealing in UK options.

"We would prefer to build up Amsterdam's position as a financial centre in Europe further with the co-operation of other countries, but will, if necessary, do it without this collaboration," he said.

A report emanating from the EOE on Tuesday indicated that new series of options would be introduced in the three British stocks used in Amsterdam, BP, GEC and ICI. But then this report was denied, and a spokesman said yesterday that new series would not be introduced unless there was demand for it from exchange members. At present that demand was not there. It is not the intention of the EOE to bid aggressively for UK options business, at least for the time being.

The establishment of the EOE cost about Fl 12m, and operational losses in the first two or three years are expected to be about Fl 5m, said Mr. Westerterp. Turnover would have to increase significantly before these investments could be paid back, he added.

He confirmed that options on French shares will be traded shortly if all goes according to plan. German options should follow not too long afterwards, he said, and Hong Kong options are also on the way.

The Exchange wants to start trading put options in the first quarter of 1979.

Although the exchange is making an operational loss, this does not mean it is failing, Mr. Christopher Whitehead, the one British member of the EOE council, said. "The all-important point is that the Exchange members should be profitable," he said. He could not answer for every member, but the ones he knew were either breaking even or making profits, he added.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on November 15

U.S. DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.date	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

[illegible]

Profit and dividend higher at ACI

By Our Own Correspondent

SYDNEY, Nov. 15.

AUSTRALIAN CONSOLIDATED INDUSTRIES, the glass, plastics and packaging group, continued its strong growth of recent years, and is raising its dividend. Earnings for the September half rose from A$7.1m to A$11m (U.S.$17.6m), and the dividend has been lifted from 5 cents a share to 6 cents.

The result includes three months' profit from the recently acquired heating group, Vulcan Industries and a full six months from the hardware group, Lloyds Holdings. Sales for the period rose 22 per cent, from A$319m to A$388m (U.S.$446m).

The result is in line with forecasts at the annual meeting last year by the chairman, Mr. Andrew Grimwade, that the profit for the full year would be well in excess of the A$22m earned in 1977-78. Between 1974 and 1976, the profits of the group fell from A$16.8m to A$6.7m, but have since risen strongly.

The result is after a lowering in the tax provision, from A$8.7m to A$5.4m. This resulted from concessions attached to higher export sales from New Zealand and increased investment allowances, which principally arise as a result of a new glass packaging plant in Perth, Western Australia, which started production in August.

The directors said that there had been a significant improvement in profits of the sheet glass maker, Pilkington ACI, and of Crown Corning. Results also were much improved in South East Asia. These improvements had been partially offset by lower results in the fibreglass division and in New Zealand.

The sale of the fibre packaging businesses in several states and of other assets returned extraordinary profits of A$7.5m, but this was largely offset by a furber provision of A$5.9m to write-down two piece can making equipment. The directors believed that this would bring the net value to a figure which reflected the earnings ability of the equipment in the current market environment.

Minerals and chemicals bring record for CSR

BY JAMES FORTH

SYDNEY, Nov. 15.

CSR, THE major sugar, mining and industrial group, appears to be heading towards topping last year's record profit, after a 15 per cent increase in earnings for the six months to September, from A$24.0m to A$27.6m (US$31.7m). This is an improvement on 1977-78, when profit for the full year rose almost 7 per cent to a record A$43.8m.

The gain in the first-half came mainly from the minerals and chemicals division, where each major activity achieved higher profits. In addition, the group benefited from progress in controlling costs, while there was a full half-year's contribution from the mining company, AAR—acquired last year—and a dividend from Kajuara Mining Corporation.

The higher profit was achieved on a sales increase of only 3.3 per cent, from A$450m to A$465m (US$534m). It was struck after a increase in the tax provision from A$10.5m to A$15.3m. The tax provision benefited from A$3.9m investment allowance for expenditure on plant, A$2.3m rebate on dividends received and A$1.0m of tax loss benefits of previous years.

The result lifted earnings per share from 19.8 cents to 22.0 cents. The interim dividend is unchanged, at 7.5 cents a share.

The directors said that by September 30, CSR's Queensland mills had made about 452,000 tonnes of raw sugar and that they were expected to make about 780,000 tonnes for the season. Last year the group had made 863,000 tonnes at September 30, and produced 958,000 tonnes for the full season, but their figures included output from three mills in New South Wales, which were recently sold.

Sales of refined sugar in Australia and New Zealand rose slightly. Results of pastoral and agency activities benefited from good seasonal conditions and better cattle prices. The Mt. Newman iron ore operation, in which CSR has a 20.4 per cent interest, shipped about 20 per cent more iron ore than in the first-half last year. Higher production was also recorded for the group's coal, alumina, copper, tin, crude oil, industrial alcohol and industrial chemicals activities. Shipment of bauxite and AAR's share of natural gas from the Roma field in Queensland were both lower. Sales of most building materials were subdued, reflecting the depressed state of the housing industry, the directors added.

* * *

THE Herald and Weekly Times, the newspaper and media group, has raised its dividend, following a 13 per cent increase in profit for the year to September 30, from A$15.4m to A$17.4m (US$ 2m), writes James Forth from Sydney. The higher profit is closely in line with sales increase of 13.8 per cent, from A$178m to A$202m (US$ 232m).

The directors have held the dividend at a basic rate of 15 cents a share, but have decided to add on a "bonus" element of 2.5 cents this year, lifting the payout to 17.5 cents. The higher dividend is covered by earnings a share of 27.5 cents compared with 24.7 cents in 1976-77.

Tongaat up despite sugar depression

By Richard Rolfe

JOHANNESBURG, Nov. 15.

THE DIVERSIFIED sugar group, Tongaat, which recently acquired control of Primrose Industrial—to become the largest brick manufacturer in South Africa—has announced slightly higher profits for the six months to end-September, despite the depressed sugar market. At the pre-tax level, profits are up from R7m to R7.6m ($8.7m), but the net figure is little changed at R5.2m, after a lower tax charge but higher outside shareholders' interests.

Earnings per share are up from 29.7 cents to 31.2 cents and the board forecasts 70 cents for the year, against 65 cents previously.

These figures are based on the existing share capital of 16.3m, but the group has announced a one-for-four capitalisation issue for shareholders on the register on January 19. The interim dividend is unchanged at 9 cents, but analysts expect the total for the year to rise from 25 cents to 28 cents, putting the shares at 280 cents on a prospective yield of 10 per cent, the lowest of the South African sugar shares.

The buoyancy of profits, which is ahead of expectations, reflects favourable climatic conditions in the sugar industry.

The group's textile division—in which David Whitehead is the main profit earner—is experiencing good demand, has an assessed tax loss and could contribute a third of profits this year.

Kyoto Ceramic hit by yen rise

BY YOKO SHIBATA

TOKYO, Nov. 15.

KYOTO CERAMIC, the highly export-oriented manufacturer of ceramic products for the electronics industry—and known among Japanese companies for its high per share earnings—has announced a substantial fall in consolidated earnings for the half-year to September 30.

Net profits for the first six months fell by 20.2 per cent to Y2.88bn ($15.2m), from the level for the first half of the previous year, on sales up 12.8 per cent to Y26.9bn ($142m).

Earnings a share were Y63, against Y69.3.

The company's fall in earnings—which took place in spite of good sales overseas—is blamed on a delay in adjusting export prices to the sharp rise in the yen in the foreign exchanges—which could not be met in full by its rationalised measures and moves to raise fob prices.

A relatively poor showing on a consolidated basis, compared with earning on a non-consolidated basis resulted largely from the deteriorating profitability of its American subsidiary, Kyoto Ceramic International, which was hit badly by the yen appreciation.

For the current half of the fiscal year, the company sees a strong upturn in demand for its ceramic package for integrated circuit (IC) and parts of electronic watches in overseas markets.

As a result, its consolidated net profits for the current half of the fiscal year is expected to increase 34.3 per cent to Y7bn, on sales of Y30.5bn, up 33 per cent over a year ago.

For the current full year, to March, its sales are estimated at Y57bn, up 22.8 per cent, and its net profits at Y6.4bn, up 1.9 per cent.

Drop in beer consumption affects Lion Breweries

BY DAI HAYWARD

WELLINGTON, Nov. 15.

LION BREWERIES, New Zealand's largest brewer, has reported a 16 per cent fall in tax-paid profit for the first half of the financial year, to NZ$2.8m (U.S.$3m), from NZ$3.3m in the same period last year — as a result of a local decline in beer-drinking, and the removal of export and tax concessions.

The fall in profits took place in spite of a rise in sales value to NZ$113.4m.

Lion had to meet a tax bill of NZ$2.6m, against NZ$1.5m a year earlier.

Higher prices, partly resulting from increased Government duties, led to the fall in consumption. The company has declared a 5 per cent interim dividend.

The directors stress that the results are inflation-accounted—that the fall of some NZ$0.5m in profit is on a "real" basis.

Lion directors were involved a few months ago in highly controversial share manoeuvring to provide against takeover by foreign interests.

A substantial holding in Lion is held by the Singapore and Malayan Breweries.

In addition to its strong brewing interests, Lion owns hundreds of liquor outlets throughout New Zealand.

Tel Aviv SE reporting move

By L. Daniel

HAIFA, Nov 15.

THE TEL AVIV Stock Exchange is continuing the process of tightening up its regulations. It will, in future, require companies to report to it on any development likely to affect the value of their stock. In the past, this has often not been done, with the exchange learning of such developments from the Press. In another amendment, mutual funds will in future be required to announce any basic changes in their investment policy.

At the same time, a new mutual fund is publishing its prospectus today. The notable feature is that this is the first time that the Eisenberg group of companies has entered this field. It will manage the fund through one of its subsidiaries. In another debut, the trustee will be the Israel General Bank. It is proposed to sell in the first instance units to a nominal value of I£50m (some $3m) in multiples of I£10,000.

Kowloon site

HONG KONG, Nov 15.

A 4,500 square metre site in Tsim Sha Tsui East, Kowloon, was withdrawn from auction after a Crown bid of HK$350m was not exceeded. The site was designated for non-industrial use.

Reuter

Pioneer Electronic

Pioneer Electronic Corporation has announced that its U.S. offshoot, U.S. Pioneer Electronic Corporation, has bought all the shares in Phase Linear Corporation, of the U.S., reports AP-DJ from Tokyo.

Phase Linear has worldwide annual sales of $7m, mostly power amplifiers, pre-amplifiers, and tuner and speaker systems.

The two companies intend to explore areas of mutual interest in export distribution, product development, and long term research and development.

Sales boost for Alliance Tire & Rubber

By Our Own Correspondent

TEL AVIV, Nov. 15.

ALLIANCE TIRE and Rubber Company of Hedera — Israel's only tyre producer which specialises in the production of odd sized tyres such as those for huge road graders or for scooters — had a 53 per cent increase in sales to I£890m and of 113 per cent boost in consolidated net profit to year as compared with January-September, 1977. While the increase in sales thus exceeded the rate of inflation by several points, exports were static at $30m compared with $31m a year earlier.

The apparent rise in profits was due to a change in accounting practices which meant a different valuation of compulsory loans held by the company.

Operating profit proved disappointing as the company had to pay out large sums in severance pay to 150 workers which were laid off at one of its plants due to closure of departments.

The company has recently started the production of all-steel belted radial tyres for carrying heavy loads. Initial results have been encouraging and output is being increased already.

Sanko Steamship down

After tax profit for the Sanko Steamship company declined in the first half ended September 30 from Y176m to Y137m ($724,000), Reuter reports from Tokyo. Revenue also declined for the shipping company to Y140.77bn ($744m) from Y165.74bn for the corresponding period in 1977. The company passed a dividend, as it did in the same period last year.

هكذا من الأصل

Currency, Money and Gold Markets

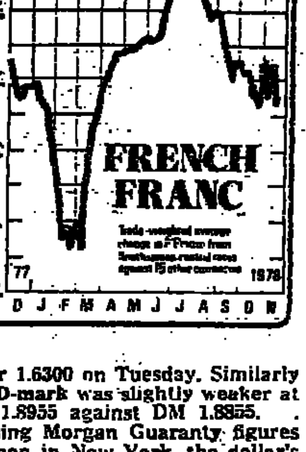
Support keeps dollar steady

Trading continued at a generally low level in yesterday's foreign exchange market with most currencies fluctuating within narrow ranges. The dollar traded initially with a softish undertone although not under any appreciable pressure. Consequently when the Central Banks gave support, it was only on a small scale, which was all that was warranted by the thin trading conditions. The dollar appears to have reached something of an impasse, with the current resolution of the banks to support the dollar detering any further run on the U.S. unit while on the other hand, there is little at the moment to stimulate much fresh demand.

Against the Swiss franc it closed at SwFr 1.6395 compared with SwFr 1.6300 on Tuesday. Similarly the D-mark was slightly weaker at DM 1.8955 against DM 1.8855.

Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation narrowed to 9.3 per cent from 9.7 per cent.

Sterling finished slightly stronger overall and its trade weighted index on Bank of England figures, rose to 62.5 from 62.4, having stood at 62.4 at noon and in early dealings. Against the dollar it opened at $1.9540 and touched $1.9530 before recovering to $1.9650 soon after 9 a.m. With the dollar slightly easier, sterling reached $1.9700 before demand for the dollar out of the U.S. pushed the rate back to $1.9675-$1.9685, a fall of 40 points from Tuesday's close.



FRANKFURT—The dollar's fixing level of DM 1.8920 showed a gain over Tuesday's figure of DM 1.8845. Once again there was no intervention by the Bundesbank at the fixing. Trading was mainly quiet throughout although one or two brief flurries may have prompted some official support during the morning.

In later trading the U.S. currency was quoted at DM 1.8930, little changed from earlier levels. Within the snake, the Danish kroner was fixed at its ceiling of DKr 36.235 per DM 100. The Bundesbank sold over DKr 4m at the fixing with possible further sales by the Danish authorities.

ZURICH—Trading remained at a very low level in early morning trading with the dollar showing little change. The Swiss Central Bank was reported to have intervened on a small scale with the dollar quoted at SwFr 1.6375 after a morning high of SwFr 1.6450 and DM 1.8915 against the D-mark compared with the morning high of DM 1.8970.

MILAN—The dollar was fixed higher at L840.55 against L838.80 previously. Other European currencies were marginally weaker against the lira with the D-mark quoted at L443.70 compared with L444.95. Trading was thin and the Bank of Italy refrained from any intervention at the fixing, the latter totalling some $11m.

AMSTERDAM—The dollar was fixed at Fl2.1954 against Fl2.0360 previously.

TOKYO—In fairly active trading, the dollar improved against the yen to close at Y190.95, up from Tuesday's close of Y188.65. There was a good demand for the U.S. unit during the morning and there did not appear to be any support given by the Bank of Japan. Trading in the spot market totalled $437m, and forward trading accounted for $145m. Swap dealings totalled $465m.

JAKARTA—Indonesian authorities severed the rupiah's seven year link with the dollar and devalued its currency by some 50.6 per cent. This move has been anticipated for some time, and in a new managed float, the rupiah started trading at R625 in terms of the dollar, compared with R415 previously. The cut with the U.S. unit was seen as a result of its recent instability in foreign exchange markets.

THE POUND SPOT

Nov. 15	Bank rate %	Day's spread	Close
U.S. $	9½	1.9530-1.9700	1.9675-1.9685
Canadian $	10¾	2.3470-2.3218	2.3165-2.3175
Guilder	6½	4.01-4.04	4.02-4.03
Belgian F	8	58.50-58.80	58.55-58.65
Danish K	8	10.27½-10.52	10.28½-10.29½
D-Mark	3	3.71½-3.74½	3.72½-3.73½
Port. Esc.	18	90.40-91.40	90.80-91.20
Span. Pes.	8	138.40-138.70	138.55-138.85
Lira	10½	1,651½-1,666	1,652-1,653
Nrwgn. K.	7	9.86-9.92	9.88½-9.89½
French Fr.	9½	8.52½-8.56	8.53-8.54
Swedish Kr.	6½	8.64½-8.67½	8.65½-8.66½
Yen	3½	370-380	375-377
Austria Sch.	4½	27.20-27.35	27.25-27.28
Swiss Fr.	1	3.21-3.24½	3.22½-3.23½

Belgian rate is for convertible francs. Financial franc 59.20-59.30.

FORWARD AGAINST £

	One month	% p.a.	Three months	% p.a.
U.S. $	0.53-0.43c pm	2.93	1.15-1.05c pm	2.24
Canadian $	0.65-0.55c pm	3.11	2.10-1.95c pm	3.60
Guilder	2-1c pm	4.47	6¾-5¾c pm	5.84
Belgian F	25-15c pm	4.11	85-75c pm	5.48
Danish K	1½-2½ ore dis	−1.75	4½-6½ ore dis	−2.14
D-Mark	3½-2½ pf pm	10.45	10½-9½ pf pm	10.31
Port. Esc.	40-140c dis	−11.87	185-265c dis	−9.23
Span. Pes.	20-120c dis	−6.02	250-350c dis	−8.60
Lira	2-6 lire dis	−2.92	8-11 lire dis	−2.30
Nrwgn. K.	3½-1½ ore pm	2.73	3½-1½ ore pm	0.91
French Fr.	4½-3½c pm	5.62	12-11c pm	5.39
Swedish Kr.	4½-2½ ore pm	4.56	8½-6½ ore pm	3.62
Yen	4.40-4.15y pm	13.63	11.80-11.60y pm	12.39
Austria Sch.	18-8gro pm	5.72	48-38 gro pm	6.02
Swiss Fr.	3⅞-2⅞c pm	12.55	11½-10½c pm	13.6[illegible]

Six-month forward dollar 2.05-1.95c pm. 12-month 4.05-3.95c pm.

THE DOLLAR SPOT

November 15	Day's spread	Close
Canad'n $*	85.04-85.16	85.04-85.07
Guilder	2.0420-2.0480	2.0420-2.0435
Belgian Fr	29.68-29.72	29.68-29.69
Danish Kr	5.2200-5.2460	5.2200-5.2230
D-Mark	1.8920-1.8975	1.8920-1.8930
Port. Esc	46.08-46.35	46.15-46.35
Span Pta	70.95-71.05	70.95-71.00
Lira	840.0-842.0	840.0-840.4
Nrwgn Kr	5.0220-5.0320	5.0220-5.0250
French Fr	4.3400-4.3500	4.3400-4.3420
Swedish Kr	4.3450-4.3535	4.3450-4.3480
Yen	189.70-190.90	189.70-189.85
Austria Sch	13.8350-13.8750	13.8350-13.8450
Swiss Fr	1.6330-1.6435	1.6330-1.6350

* U.S. cents per Canadian $.

FORWARD AGAINST $

	One month	% p.a.	Three months	% p.a.
Canad'n $	0.02c dis-0.01c pm	−0.07	0.17-0.22c pm	0.93
Guilder	0.34-0.31c pm	1.93	1.92-1.84c pm	3.48
Belgian Fr	5-3½c pm	1.29	26-24c pm	3.04
Danish Kr	1.75-2.25ore dis	−4.60	5.35-5.85ore dis	−4.15
D-Mark	1.18-1.12pf pm	7.04	3.97-3.91pf pm	7.83
Port. Esc	35-180c dis	−27.95	130-500c dis	−27.30
Span Pta	18-35c dis	−4.34	150-180c dis	−8.31
Lira	2.75-3.25lire dis	−4.31	9.25-10.25lire dis	−4.28
Nrwgn Kr	0.40ore pm-par	0.48	1.30-1.50ore dis	−1.03
French Fr	1.10-0.90c pm	3.07	3.60-3.35c pm	3.16
Swedish Kr	0.20-0.60ore pm	2.00	1.85-1.65ore pm	1.48
Yen	1.80-1.70y pm	10.55	4.95-4.85y pm	9.63
Austria Sch	5.50-5.40gro pm	4.19	17.0-15.0gro pm	4.62
Swiss Fr	1.42-1.37c pm	10.24	4.78-4.73c pm	10.90

CURRENCY MOVEMENTS

November 15	Bank of England Index	Morgan Guaranty changes %
Sterling	62.46	−41.4
U.S. dollar	83.62	−9.3
Canadian dollar	79.63	−17.7
Austrian schilling	144.30	+18.8
Belgian franc	114.19	+15.3
Danish krone	117.50	+6.7
Deutsche Mark	147.54	+40.1
Swiss franc	198.67	+88.1
Guilder	123.57	+20.1
French franc	98.37	−6.5
Lira	54.47	−48.7
Yen	152.25	+49.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

November 14	Special Drawing Rights	European Unit of Account
Sterling	0.656225	0.672894
U.S. dollar	1.29132	1.33591
Canadian dollar	1.51666	1.56608
Austrian schilling	17.7944	18.4110
Belgian franc	38.1585	39.4732
Danish krone	6.72083	6.85101
Deutsche Mark	2.43349	2.51765
Guilder	2.62913	2.71854
French franc	5.58109	5.77012
Lira	1083.09	1120.16
Yen	243.543	251.713
Norwegian krone	6.45660	6.67679
Peseta	91.5029	94.5918
Swedish krona	5.60368	5.79635
Swiss franc	2.10485	2.17537

OTHER MARKETS

Nov. 15	£	$		£ Note Rates
Argentina Peso	1.827-1.831	928.35-930.40	Austria	26¾-26½
Australia Dollar	1.7175-1.7155	0.8690-0.8715	Belgium	59-60½
Finland Markka	7.81½-7.82½	3.9760-3.9775	Denmark	10.20-10.35
Brazil Cruzeiro	38.14-39.14	19.38-19.88	France	8.40-8.60
Greek Drachma	71.677-73.429	36.42-37.32	Germany	3.66-3.76
Hong Kong Dollar	9.40½-9.41½	4.7890-4.7940	Italy	1610-1660
Iran Rial	138.40-140.00	70.40-70.70	Japan	370-380
Kuwait Dinar (KD)	0.529-0.539	0.2715-0.27225	Netherlands	3.95-4.05
Luxembourg Franc	58.35-58.45	29.66-29.69	Norway	9.60-9.90
Malaysia Dollar	4.30-4.31	2.1900-2.1950	Portugal	90-110
New Zealand Dollar	1.8555-1.8605	0.9418-0.9454	Spain	141-145
Saudi Arabia Riyal	6.45-6.55	3.3000-3.3200	Switzerland	3.15-3.25
Singapore Dollar	4.2820-4.2920	2.1745-2.1775	United States	1.97-1.98
South African Rand	1.6957-1.7217	0.8616-0.8748	Yugoslavia	42-44

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Nov. 15	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.968	3.733	376.0	8.535	3.228	4.025	1653	2.317	58.47
U.S. Dollar	0.508	1	1.897	191.1	4.337	1.640	2.045	840.7	1.177	29.67
Deutsche Mark	0.268	0.527	1	100.7	2.287	0.865	1.078	442.7	0.621	15.65
Japanese Yen 1,000	2.660	5.234	9.927	1000.	22.70	8.584	10.70	4395	6.162	155.3
French Franc 10	1.172	2.306	4.373	440.5	10.	3.781	4.716	1936	2.715	68.42
Swiss Franc	0.310	0.610	1.156	116.5	2.644	1.	1.247	512.0	0.718	18.09
Dutch Guilder	0.248	0.489	0.927	93.42	2.120	0.802	1.	410.6	0.576	14.51
Italian Lira 1,000	0.605	1.192	2.259	227.5	5.165	1.953	2.436	1000.	1.402	35.34
Canadian Dollar	0.432	0.849	1.611	162.3	3.684	1.393	1.737	713.2	1.	25.21
Belgian Franc 100	1.712	3.370	6.391	644.3	14.61	5.527	6.892	2830	3.967	100.

EURO-CURRENCY INTEREST RATES

Nov. 15	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	12¼-12½	8¾-10	8½-9½	8-8¼	par-1⅛	2⅛-2⅛	6⅞-7	15-20		2 par
7 day's notice	12½-13½	9⅞-10⅛	8½-9½	8-8¼	par-⅛	2⅛-2⅝	6⅞-7⅛	14-15	10-10⅛	3-1⅜
Month	12⅝-13	9⅝-10	9⅛-10⅛	7¾-8	⅞-⅞	2⅛-2½	[illegible]	14½-15½	9⅞-9⅞	[illegible]
Three months	13¾-14	11⅛-11⅛	10⅝-11	7⅞-8⅛	⅞-⅞	2⅝-2⅞	8¼-8⅝	15-16	11⅛-11⅛	1-1⅛
Six months	14⅛-14½	11⅞-12⅛	10⅛-10¾	7¾-8	⅞-⅞	3½-3⅞	9⅛-9¾	16-17	12-12⅛	2½-2⅝
One year	14-14½	11⅝-12	10¼-10⅝	7⅝-7⅞	⅞-1⅛	3⅞-3⅞	10⅛-10⅞	16½-17½	11⅛-11⅛	3⅛-3⅜

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.25-10.35 per cent; three months 11.50-11.60 per cent; six months 11.75-11.85 per cent; one year 11.70-11.80 per cent.

Long-term Eurodollar deposits: Two years 10[illegible]-10[illegible] per cent; three years 10⅛-10⅜ per cent; four years 10⅛-10⅜ per cent; five years 10-10⅛ per cent; nominal closing rates. Short-term rates a call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates for closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German liquidity move

The Bundesbank sold DM 2.25bn Treasury bills to the Frankfurt money market yesterday, in a move to mop up some of the substantial surplus liquidity seen recently. Six-month bills were offered at 3.77 per cent; one-year at 4.17 per cent; eighteen-month at 4.47 per cent; and 2-year at 4.89 per cent. Central bank intervention to support the dollar has leaked through into the domestic money market over the last few weeks, in the shape of excess liquidity, with call money falling below 1 per cent at times. Overnight money was slightly firmer yesterday however, rising to 2.0-2.2 per cent from 1.8-2.0 per cent. Fixed periods were also a little firmer, with one-month rising to 2.9-3.1 per cent from 2.8-3.0 per cent; three-month to 3.75-3.85 per cent from 3.7-3.8 per cent; six-month to 3.95-4.05 per cent from 3.9-4.0 per cent; and 12-month to 4.15-4.25 per cent from 4.1-4.2 per cent.

BRUSSELS—Short-term Belgian Treasury certificate rates were cut by 0.25 per cent once again yesterday. This was the second such move this week, and the fifth over the last eight trading days. Rates on one-month and two-month certificates were reduced to 9 per cent and three-month was lowered to 8.75 per cent. This follows current policy to ease money conditions as the pressure has come off the Belgian franc in the European currency snake, and also brings Treasury certificate rates in line with market conditions. The one-month deposit rate for the Belgian franc (commercial) fell to 8¾-9 per cent from 9-9¼ per cent; three-month to 8⅝-8⅞ per cent from 8⅞-9⅛ per cent; and six-month to 8⅛-8⅜ per cent from 8⅜-8⅝ per cent. 12-month money was unchanged at 8⅛-8⅜ per cent.

It was also announced yesterday that the Belgian National Bank has repaid BFr 5.137bn of its debt to the European Monetary Cooperation Fund in the week ended November 13. This was the third repayment of a debt which reached BFr 42.648bn in mid-October, but is now down to BFr 36.773bn.

PARIS—Day-to-day money rose to 7⅛ per cent from 6¾ per cent yesterday, while fixed period rates showed mixed changes. One-month funds rose to 6⅞-7 per cent from 6¾-6⅞ per cent and three-month were unchanged at 7-7⅛ per cent. Six-month eased to 7⅛-7⅜ per cent from 7⅜-7½ per cent, while 12-month were unchanged at 8-8⅛ per cent.

NEW YORK — Federal funds eased to 9⅝ per cent bid from 9¾ per cent bid in early trading, but then rose to 9⅞-9⅞ per cent. Treasury bills were easier, with 13-week bills falling to 8.28 per cent from 8.30 per cent; 26-week bills to 9.18 per cent from 9.20 per cent; and one-year to 9.16 per cent from 9.19 per cent.

GOLD

Sharp fall

Gold fell sharply in the London bullion market yesterday to close $8¾ an ounce down at $203¾-204¼. Trading was steady during the morning, and after opening at $206¼-207¼, the metal was fixed at $207. The sharp decline came after the opening of New York markets, with the afternoon fixing at $204.15. In later trading in New York, the metal was quoted at $202½-[illegible].

In Paris the 12½ kilo bar was fixed at FFr 29,100 per kilo ($208.32 per ounce) compared with FFr 29,090 ($208.11) in the morning and FFr 29,400 ($211.37) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM12,635 per kilo ($207.36 per ounce) compared with DM 12,800 ($211.26).

	Nov. 15	Nov. 14
Gold Bullion (a fine ounce)		
Close	$203¾-204¼	$210-210½
Opening	$206¼-207¼	$211¼-212¼
Morning fixing	$207.00	$210.60
	(£105.158)	(£107.077)
Afternoon fixing	$204.15	$211.00
	(£103.708)	(£107.338)
Gold Coins, domestically		
Krugerrand	$209-211	$217-219
	(£106¼-107¼)	(£110-111)
New Sovereigns	$57-59	$61¼-63¼
	(£29-30)	(£31-32)
Old Sovereigns	$59¼-61	$61¼-63¼
	(£30¼-31¼)	(£31-32)
Gold Coins, internationally		
Krugerrand	$209-211	$217-219
	(£106¼-107¼)	(£110-111)
New Sovereigns	$57-59	$56-58
	(£29-30)	(£28½-29½)
Old Sovereigns	$59-61	$61½-63½
	(£30-31)	(£31-32)
$20 Eagles	$[illegible]	$[illegible]
$10 Eagles	$[illegible]	$[illegible]
$5 Eagles	$[illegible]	$[illegible]

UK MONEY MARKET

Easier than forecast

Bank of England Minimum Lending Rate 12½ per cent (since November 9, 1978)

Day-to-day money rates fell sharply towards the close of business in the London money market yesterday. Discount houses paid up to 12½ per cent for secured call money in the morning, and interbank overnight rates touched 13 per cent in response to a forecast from the Bank of England that money would be in very short supply.

Houses were also hampered by the cautious attitude of London banks, who were anxious to keep their figures within a very narrow range on make-up day, because of the present corset restrictions.

Money was freely available in the late afternoon, however as the authorities suggested that there was probably a small surplus on the day, even though they bought a small amount of Treasury bills from the discount houses.

In these rather confused conditions discount houses picked up late balances at 10¼-10½ per cent, and the interbank overnight finished at around 4 per cent, after touching 14 per cent during the afternoon.

Settlement for large sales of gilt-edged stock was the only factor against the market, and this was offset by a modest surplus of government disbursements over revenue payments to the Exchequer, boosted by a further £140m rate support grant to local authorities.

LONDON MONEY RATES

Nov. 15 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	4-14	—	—	—	11	10¼-12½	—	—	—
2 days notice	—	—	12½-12¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	11⅞-12½	12½-12¾	—	12⅛	12	11⅞-12⅛	—	—	—
One month	12⅞-12¾	12⅛-12½	12-12⅛	12-12½	12⅝	12⅞	11[illegible]-11⅞	11¾-11⅝	12⅛-12⅛	12⅝
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Local authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rates nominally three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent. Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent. Approximate selling rates for one-month bank bills [illegible] per cent; two-month [illegible] per cent; three-month [illegible] per cent; one-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from November 1 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 11.9656 per cent.

MONEY RATES

NEW YORK

Prime Rate	10½-11
Fed Funds	9.6875
Treasury Bills (13-week)	8.28
Treasury Bills (26-week)	9.18

GERMANY

Discount Rate	3
Overnight	2.15
One month	3.00
Three months	3.80
Six months	4.00

FRANCE

Discount Rate	9.5
Overnight	7.125
One month	7.0625
Three months	7.125
Six months	7.375

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.375
Bills Discount Rate	4.625

BOND DRAWINGS

I.U. OVERSEAS FINANCE N.V.

9% Guaranteed Bonds due 1983

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S. $2,000,000 due 15th December, 1978 has been met by purchases in the market to the nominal value of U.S. $1,535,000 and by a drawing of Bonds to the nominal value of U.S. $465,000.

The distinctive numbers of the bonds, drawn in the presence of a Notary Public, are as follows:—

47	110	171	232	293	354	415	477	537	598
659	720	781	842	903	964	1025	1086	1147	1207
1268	1329	1390	1452	1513	1574	1635	1696	1757	1818
1878	1939	2000	2061	2122	2183	2244	2305	2367	2428
2489	2550	2610	2671	2732	2793	2854	2915	2976	3037
3098	3159	3220	3280	3342	3403	3464	3525	3586	3647
3708	3769	3830	3891	3952	4012	4073	4134	4195	4257
4318	4379	4440	4501	4562	4623	4684	4744	4805	4866
4927	4988	5049	5110	5172	5233	5294	5355	5415	5476
5537	5593	5659	5720	5781	5842	5903	5964	6025	6087
6147	6208	6269	6330	6391	6452	6513	6574	6635	6696
6757	6818	6878	6939	7000	7062	7123	7184	7245	7306
7367	7428	7489	7549	7610	7671	7732	7793	7854	7915
7977	8038	8099	8160	8221	8281	8342	8403	8464	8525
8586	8647	8708	8769	8830	8892	8953	9013	9074	9135
9196	9257	9318	9379	9440	9501	9562	9623	9683	9744
9805	9867	9928	9989	10050	10111	10172	10233	10294	10355
10415	10476	10537	10598	10659	10720	10782	10843	10904	10965
11026	11087	11147	11208	11269	11330	11391	11452	11513	11574
11635	11697	11758	11818	11879	11940	12001	12062	12123	12184
12245	12306	12367	12428	12489	12549	12610	12672	12733	12794
12855	12916	12977	13038	13099	13160	13221	13281	13342	13403
13464	13525	13587	13648	13709	13770	13831	13892	13952	14013
14074	14135	14196	14268	14329	14390	14485	14547	14608	14669
14729	14790	14852	14913	14974	16058	16119	16180	16242	16303
16364	16425	16485	16546	16607	16668	16729	16790	16851	16912
16973	17337	17398	17458	17519	17580	17641	17702	17763	17824
17885	17946	18007	18068	18129	18189	18250	18312	18373	18434
18495	18556	18617	18678	18739	18800	18861	18921	18982	19043
19104	19165	19227	19288	19349	19410	19471	19532	19592	19653
19714	19775	19836	19897	19958	20019	20080	20142	20203	20264
20324	20385	20446	20507	20568	20629	20690	20751	20812	20873
20934	20995	21055	21117	21178	21239	21300	21361	21422	21483
21544	21605	21666	21726	21787	21848	21909	21970	22032	22093
22154	22215	22276	22337	22398	22458	22519	22580	22641	22702
22763	22824	22885	22947	23008	23069	23130	23190	23251	23312
23373	23434	23495	23556	23617	23678	23739	23800	23860	23922
23983	24044	24105	24166	24227	24288	24349	24410	24471	24532
24592	24653	24714	24775	24837	24898	24959	25269	25330	25392
25453	25514	25574	25635	25696	25757	25818	25879	25940	26001
26062	26123	26184	26244	26305	26367	26428	26489	26550	26611
26672	26733	26794	26855	26916	26976	27037	27098	27159	27220
27282	27343	27404	27465	27526	27587	27648	27708	27769	27830
27891	27952	28013	28074	28135	28197	28258	28319	28379	28440
28522	28583	28644	28705	28767	28828	28889	28950	29011	29072
29132	29193	29254	29315	29376	29437	29498	29559	29620	29682
29743	29804	29864	29925	29986					

On 15th December, 1978 there will become due and payable upon each bond drawn for redemption, the principal amount thereof, together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London EC2P 2EB

or one of the other paying agents named on the bonds.

Interest will cease to accrue on the bonds called for redemption on and after 15th December, 1978 and bonds so presented for payment must have attached all coupons maturing after that date.

U.S. $26,000,000 nominal bonds will remain outstanding after 15th December, 1978.

The following bonds drawn for redemption on 15th December, 1977 have not yet been presented for payment:—

Nos: 296: 1316: 1781: 1796: 1811: 1826: 2081: 2396: 2696: 2711: 2726: 2741: 14231: 14246: 14261: 14276: 14291: 14306: 14321: 14336: 14351: 14471: 14486: 14756: 14771: 24911: 24926: 25691: 25706: 25721: 25736: 25751: 25766: 25811: 29636: 29651: 29666: 29681: 29696.

30 Gresham Street, London EC2P 2EB. 16th November, 1978

PUBLIC NOTICES

SLOUGH BOROUGH COUNCIL

£900,000 Bills issued 15/11/78 due 14/2/79 at 11[illegible]. Total applications £9,900,000. Outstanding Bills £900,000.

LEGAL NOTICES

No. 003349 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SIDVALE BUILDERS LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding-up of the above-named Company by the High Court of Justice was, on the 6th day of November 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of December 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41 Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of December 1978.

No. 003360 of 1978

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of MOUSSALLI LONDON LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 6th day of November 1978, presented to the said Court by ARTHUR SHAW MANUFACTURING LIMITED whose registered office is situate at P.O. Box 21, Willenhall, West Midlands, WV13 2AF, Manufacturers and Diecasters, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of December 1978 and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

PICKERING KENYON,
23-24 Great James Street,
London WC1N 3EL.
Tel: 01-404 3522. Ref: RED/EC
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm or his or their solicitor (if any) and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of December 1978.

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matters of:—

No. 003372 of 1978
CITY & WESTEND (BOILER) CLEANING SERVICES LIMITED
No. 003373 of 1978
PLUSWAYS LIMITED
No. 003374 of 1978
FREEPLAN LIMITED
No. 003379 of 1978
HARWOOD & MAYNE (VINTNERS) LIMITED

and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that Petitions for the winding-up of the above-named Companies by the High Court of Justice were on the 7th day of November 1978, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41 Mark Lane, London EC3R 7HE, and that the said Petitions are directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 11th day of December 1978 and any creditor or contributory of any of the said Companies desirous to support or oppose the making of an Order on any of the said Petitions may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of any of the said Companies requiring such copy on payment of the regulated charge for the same.

G. F. GLOAK,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of any of the said Petitions must serve on or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 8th day of December 1978.

ANNOUNCEMENTS

FORSYTE KERMAN regret to announce that Mr. A. H. (Fred) Lewis a partner in the firm for many years retired from legal practice on the 31st October 1978.

COMPANY NOTICES

COMMERCIAL UNION ASSURANCE COMPANY LIMITED

U.S.$15,000,000 7¾% NOTES 1978

All outstanding Notes will in accordance with the conditions be redeemed at par on 15th December, 1978, the final redemption date, at the offices of the Paying Agents named on the Notes. The Paying Agents are as follows.

Citibank offices in:

Amsterdam	Milan
Brussels	Paris
Frankfurt	Luxembourg
London	New York

Kleinwort, Benson Limited, London
Creditanstalt-Bankverein, Vienna
15th November, 1978.

A time of challenge and change for the U.S. wine industry

BY ROSS WILSON

THE U.S. WINE industry is facing a period of challenge and change. New consumer regulations covering the labelling of U.S. wines—and imports—have been agreed and will take effect in 1983, metric bottling becomes compulsory next January 1 and U.S. wine producers are becoming increasingly concerned about the rapid growth of foreign wine imports.

The recent agreement between the American wine industry and the Federal Government on new rules for American and foreign wine labels came after three years of sporadic feuding and fussing.

The new regulations designed primarily to protect the U.S. wine consumer, are the result of six public hearings in San Francisco and Washington in 1976 and 1977 as well as hundreds of written comments from consumers and industry officials. The basis of the regulations, which will become compulsory in early 1983, has been described by Mr. John Krogman, acting director of the U.S. Treasury's Bureau of Alcohol, Tobacco and Firearms (BATF), as an attempt to ensure that wine labels are as "meaningful as possible." All wines, including imports, come under the new rules which require that varietal wines made from a single grape variety, combination of grapes, or coming from a particular area, region or country should conform to more specific regulations about content and should clearly display this information on the label.

Wines claiming to be made from a single grape variety, such as Cabernet Sauvignon or Pinot Noir, must contain at least 75 per cent of that grape. Previous regulations had required only 51 per cent. Similarly, wine which claims to come from a specific country, state or county must contain at least 75 per cent of wine from that area.

Where wine is labelled as coming from a specific wine growing region, such as California's famous Napa Valley, the wine will have to contain at least 85 per cent of grapes grown and picked in that region. Finally, if two or three grape types are listed on the labels of blended wines, the percentage of each variety must be shown on the label and the combination must add up to 100 per cent.

Wine seal

But perhaps the producers' most important achievement was on the question of a new category of "Government-seal" wines which would have been the equivalent of the French *appellation controlee* or the Italian *denominazione controllata* systems. The Government had wanted to confer its seal of approval on varietal wines which contain 85 per cent of the grape named on the label and which had been subject to strict grape growing conditions.

This was opposed by the growers and consumer groups. They both argued that it would be an unnecessary interference and the consumer groups said that such a seal would imply a guarantee of quality rather than an adherence to labelling restrictions.

The eventual compromise was the 75 per cent requirement and no Government seal.

The growers did, however, accept a further restriction on vintage wines, namely that these must contain at least 95 per cent of grapes picked in the declared year.

Structurally the U.S. industry is still dominated by Californian companies. Among the six largest wine producers in the U.S. only the sixth, Taylor Wine owned by Coca Cola, is based outside California. Californian wine producers account for about 90 per cent of U.S. wine production with the five largest Californian producers together accounting for 450m gallons of storage capacity.

The largest producer is E. and J. Gallo with 226m gallons of storage capacity followed by United Vintners with 110m gallons of storage capacity. Both are independent Californian companies.

The U.S. Department of Agriculture has forecast a record 4.6m U.S. tons grape crop this year of which California will produce 4.1m U.S. tons or 89 per cent. Overall the crop is expected to be about 7 per cent larger than in 1977 and 5 per cent above the 1976 harvest.

On the face of it Californian producers have little to fear. Official statistics show that of a total of more than 293m U.S. gallons of table wine taxed and sold in the U.S. last year only 55m U.S. gallons (18.8 per cent) was imported. But rates of growth of imports give an entirely different picture. Table wine imports showed a 27 per cent growth last year while American table wine sales grew by only 7 per cent.

Imports

The figures for the first half of 1978 serve only to strengthen the conviction of U.S. wine producers that imported wines are steadily taking a larger share of the U.S. market.

In the first half of the year sales of American table wines subject to tax rose to 170.6m U.S. gallons while sales of similar imported table wines increased to 35.7m U.S. gallons.

Italy heads the league for imported wine. It exported over 24m U.S. gallons to the U.S. last year with sales showing a 53 per cent increase in the first half of 1978. But France, Germany, Portugal and Spain have also continued to export more to the U.S. market. From 1972 to 1977 the supremacy of imported table wines in growth terms is shown even more clearly. Total imports increased by 49 per cent over the period while domestic wines increased by only 30 per cent. Most dramatically, during the five years Italy increased exports to the U.S. by 268 per cent and Germany by 127.9 per cent.

American manufactured fortified wines totalled almost 70m U.S. gallons in 1977—a fall of 7 per cent over the previous year, compared to a fall of only 0.4 per cent in imported fortified wines which totalled 2.5m U.S. gallons in the same year.

Against this picture of a domestic market increasingly invaded by imported wines, exports of American wines are negligible. This has led to calls from people like Mr. William Dieppe, chairman of the Wine Institute, and chairman of Almaden Vineyards, for government action on trade barriers to ensure that American wine has the same opportunity to sell abroad as foreign nations have for selling wine in the U.S. Mr. Dieppe said in a recent speech that the State Department "must encourage the flow of trade from these shores as well as from the outside into our markets." He added, however, that he was not advocating protectionism—simply "equal opportunity."

Mr. Robert Gallo, chairman of E. and J. Gallo and Mr. Dieppe's predecessor at the Wine Institute, said during his retirement address recently that the U.S. wine industry faced a number of challenges and that if these were to be overcome the industry must become "more effective" than it had been in the past. He said he remained confident that the U.S. wine industry could cope with the challenges of wine labelling regulations and rising imports and emerge successful.

هكذا من الأصل

CJA
RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374

An important appointment-opportunity exists to reach a Board appointment within 3-5 years

GROUP FINANCIAL CONTROLLER—INSURANCE

LONDON **£12,000-£15,000+car**

EXPANDING U.K. SUBSIDIARY OF MAJOR INTERNATIONAL INSURANCE GROUP

We invite applications from qualified accountants (CA, ACA, AACCA, or ACMA), aged 28-38, with at least 5 years' post qualification experience and 2 years in a Chief Accountant or similar role, either in insurance or allied commercial organisation or large professional accountancy practice, with some taxation experience. The successful candidate will be responsible for the efficient control of all aspects of the group's financial activities and the motivation of a team through four company accountants and their staff. A major part of this brief will involve planning and taxation. The group uses well-developed computerised systems. A small amount of overseas travel may be necessary. A high level of commercial awareness and the ability to make a significant contribution to the group's further profitable expansion is important. Initial remuneration negotiable £12,000-£15,000 plus car, contributory pension, free life assurance; family BUPA and, if necessary, assistance with removal expenses. Applications in strict confidence, under reference GFCI 3891/FT, to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,
35, NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX 887374.

Chief Accountant

Merseyside, to £9,000

Part of an international group whose many interests include brewing and the leisure industry, our client exports bottled and canned beers and lagers, also raw materials etc., to overseas breweries. The company is seeking a Chief Accountant who, reporting to the Financial Controller, will be responsible for the financial and management accounting function of a company (to around £50M) heavily involved in international trading both within and outside the parent group. Applicants, who should be qualified accountants, probably aged 30+, must have at least six years post qualification industrial experience, ideally in a multi-national trading environment.

C.G. Moores, Ref: 24132/FT.

Male or female candidates should telephone in confidence for a Personal History Form to:

MANCHESTER: 061-236 8981; *Sun Life House, 3 Charlotte Street, M1 4HB.*

Hoggett Bowers
Executive Selection Consultants
BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

Investment Manager

An assistant is required for the Director in charge of private client business. Several years' experience in investment, although not necessarily as a manager, is desirable. The ideal candidate will be in the mid to late 20's and will be given responsibility for managing discretionary portfolios.

Investment Analysts

Vacancies exist for analysts, preferably in their mid 20's with at least two years' relevant experience which need not necessarily have been in investment research.

Successful candidates will have good opportunities for advancement both within the UK and overseas.

Good salaries with worthwhile fringe benefits, including a mortgage facility in due course, will be offered. Applicants of either sex should apply in writing enclosing curriculum vitae to D. W. J. Garrett, Robert Fleming & Co. Limited, 8 Crosby Square, London E.C.3. Tel: 01-638 5858.

ROBERT FLEMING

Senior Financial Appointments

£7-9,000+car
Central London

Due to retirement and promotion, two senior financial vacancies have arisen in the Head Office of a major UK Construction Services Group (turnover £180m) with extensive overseas interests. Each position reports to the Group Financial Controller.

Group Chief Accountant

The successful candidate will supervise the production of the holding company's financial accounts, consolidate the statutory accounts and periodic financial control statements, and generally control central financial accounting (30 plus staff). The basic systems are largely computerised. There will be close involvement in systems developments, timetable improvements, liaison with auditors, corporate tax matters and staff training. Candidates will be over 30, almost certainly chartered accountants, with relevant experience obtained either in the profession, or in a large commercial environment. Ref. 752 FT.

Group Management Accountant

Important functions will include the presentation of accounting information to enable management to determine profitability of the group as a whole and of individual divisions and operations, and the financial control of some trading units that do not presently fall into the main division. For around half the time, the successful candidate will work on special assignments such as review of costing systems, improvement to management information etc. Candidates will be in their twenties, ACMA with the ability to communicate effectively at all levels. Ref. 753/FT.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A. C. Crompton quoting the relevant reference on both envelope and letter.

Deloitte
Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX.

Central London **c£8,500+Benefits**

Accountant or Tax Specialist

A Career Development Opportunity

A major financial institution needs to strengthen its tax department in order to meet the increasing demands made on it and to provide for its longer term development.

Whilst tax experience gained in the profession, commerce or the Inland Revenue would be preferable, candidates with an accountancy background, strong personality and communicative skills who are interested in developing their tax knowledge will be considered.

The group has an enviable reputation for its tax expertise and this is an excellent opportunity to gain further experience by assisting with the preparation of home and overseas returns for the group, administering the tax affairs of its varied subsidiaries and advising on the tax implications of numerous projects.

The prospects are outstanding and the generous benefits include a subsidised mortgage facility.

Contact David K. L Tod, BSc ACA on 01-405 3499 quoting reference DT/291/TSF

Lloyd Management
Recruitment Consultants
125 High Holborn London WC1V 6QA *01-405 3499*

Regional Treasurer

Salary: £12,314 to £16,879 (inclusive)

Due to the retirement of the present holder (Mr. R. Brinley Codd) this post will become vacant in May 1979.

The South East Thames Regional Health Authority, with five Area Health Authorities, provides health services for a population of 3.6 million and has a revenue budget in excess of £380 million and a capital budget of £20 million.

Candidates (male/female) must be professionally qualified accountants with extensive experience of financial management at a senior level in the National Health Service, Local Government, or other large organisations.

Further particulars and application forms are available from the Regional Personnel Officer, South East Thames Health Authority, Randolph House, 46-48 Wellesley Road, Croydon CR9 3QA.

Please quote reference number 8155.

Completed application forms must be returned to the Chairman of the Authority at the above address to arrive not later than 7 December.

South East Thames Regional Health Authority

Company Secretary

for an international merchant bank in the City of London with assets of around £200m. Responsibility is for the secretarial function together with general and office administration, personnel management and advice on policy and legal matters. Some foreign travel is involved.

Aged probably 38 to 45, candidates must have experience in the company secretarial field and of bank operations. Competence in a European language would be a strong asset, as would a banking and/or company secretarial qualification.

Salary negotiable in the region of £10,000; more for an exceptional candidate. Non-contributory pension, car and other benefits.

Please send relevant details, in confidence, to P. Hook ref. B.26415.

The appointment is open to men and women.

MSL
United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.
International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

Controller Finance & Administration

GREATER LONDON AREA **£15,000+**

Our client is a major international group with a fast-growing distribution subsidiary in the U.K. whose turnover is more than £20 million. It sells a wide range of high-quality consumer and industrial products.

The Controller will have responsibility for all management and financial accounting, EDP, systems and analysis, warehousing, purchasing and import logistics. Approximately 70 employees will be under his/her responsibility.

We seek an executive, aged 35 to 45, who has had line responsibility in a similar position, preferably with an internationally-oriented company. In addition to familiarity with U.K. legal and fiscal requirements, monthly reports to international headquarters are required. The position reports to the Managing Director. The ability to acquire a working knowledge of German is essential.

As consultants to management, we undertake not to release the name of any respondent to our client without his express permission.

Replies to Box No. A6544
Financial Times, London EC4.

CREDIT ANALYSTS

Two positions are available with North American Banks for people aged 24/32 with a background in credit analysis, either Sterling or Eurocurrency. Successful candidates will be offered every opportunity for career development. Starting salary up to £6,500 with excellent fringe benefits.

TRUST OFFICER (PENSIONS)

For major U.S. Bank handling all aspects, legal matters, accounts, investment records, etc. For portfolios of corporate clients. Ideal applicants will be over 30 years of age with at least ten years' experience of pension fund administration. Salary c. £8,000.

LOANS ADMINISTRATION

A major International Bank wishes to appoint somebody between 25 and 30 to its expanding loans administration area. The successful candidate will have a minimum of two years experiance. Salary up to £5,000.

These positions are open to both male and female applicants

BSB Banking Appointments
115-117 Cannon Street, London EC4N 5AX Telephone 01-… 7517 & 01-623 9161
Recruitment Consultants

Financial Analyst

for the European subsidiary of a Canadian exploration and mining company with annual sales exceeding $750m. He/she will join a senior team established in London to expand and diversify the subsidiary's activities in Europe, the Middle East and Africa.

Candidates, aged about 30 to 35, must be chartered accountants or graduates in business administration and should have some years' relevant business experience of acquisition, feasibility and merger studies and of computer operations.

Salary negotiable around £8,000 to £8,500. Non-contributory pension.

Please send relevant details, in confidence, to P. Hook ref. B.26409.

MSL
United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.
International Management Consultants
Management Selection Limited
17 Stratton Street London W1X 6DB

ACCOUNTANTS

GET TO THE TOP BY STARTING THERE

Our organisation has become successful by careful thought and planning. Allow us to apply that simple but necessary formula to your future career.

Contact a Specialist Consultant at Financial and Accountancy Division

IPS GROUP
Lloyd's Avenue House,
6 Lloyd's Avenue, London, EC3
Telephone: 01-481 8111

APPOINTMENTS WANTED

YOUNG AGGRESSIVE SOUTH AFRICAN

Hard worker, single, Bachelor of Commerce, experienced in international dealing with agricultural products seeks employment in import/export where he can exploit his talents and enthusiasm. Willing to travel and to work anywhere.

Write Box A6542, Financial Times 10 Cannon Street, EC4P 4BY

Financial Controller

London W1 to £10,000+car

Our clients are an independent company (T/O £3m) within a major international group. Engaged in the design and retailing of high value luxury goods they are poised to embark on a major expansion programme both within the U.K. and abroad. The Financial Controller (supported by a small staff) will report direct to the Managing Director and be regarded as a senior member of the management team with prospects of a board appointment in 2/3 years. Candidates must be business-minded qualified accountants, male/female, in their late 20's who have already gained a minimum of three years' commercial experience, preferably in an international environment. REF: 486/FT. Apply to R. P. CARPENTER FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

EDUCATIONAL

LEVERHULME TRUST FUND

The Leverhulme Trustees, through their Research Awards Advisory Committee, offer for 1979-80.

SENIOR STUDENTSHIPS

Up to six studentships to enable those persons who left university at least five years ago to return and study full-time at a United Kingdom university.

Applicants must be first degree graduates of a United Kingdom university, holders of C.N.A.A. degrees or equivalent education in the United Kingdom and not already have a postgraduate degree. They must have been at school in the United Kingdom or the Commonwealth, be normally resident in the United Kingdom and over 27 on 1st October, 1979.

A maintenance grant of £2,600 a year for one or two years is paid and at the discretion of the Committee a family allowance of up to £1,450 a year and a contribution towards fees of up to £300 a year.

Candidates must be available for interview in London in March.

Closing date for applications (Form SS2D) is 5th January 1979.

Awards must be taken up between 1st June 1979 and 1st May 1980 and results of applications will be made known to candidates in April 1979.

Application forms and further information from The Secretary, Research Awards Advisory Committee, The Leverhulme Trust Fund, 15-19 New Fetter Lane, London EC4A 1NR. Telephone 01-248 1910.

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

FINANCIAL TIMES SURVEY

Thursday November 16 1978

مكتبات الأصل

German food and drink

Although much of West Germany's farmland is fragmented by a multitude of small, family-owned holdings, the general quality and quantity of produce is extremely high. The resilience of unpaid, part-time farmers is an important factor in Germany's agricultural excellence.

The key to top quality products

By John Cherrington

ALTHOUGH BOTH countries are of roughly the same area, West Germany's food production is materially higher than that of Britain. This is simply because the quality of German land is superior. It is estimated that there are some 2m hectares more arable land in the Federal Republic than there are in Britain, and in addition much of this is of extremely good farming potential.

This factor alone compensates for many of the inefficiencies which the conventional economist finds when studying the German farming scene. This is made up of a vast number of small, often fragmented farms, of which more than half are part or spare time. The areas where farms are more on the British size are mainly in the north, where the Code Napoleon, which ensured the division of a man's estate between his children, was not enforced with the same rigour as elsewhere.

Some of the fragmentation is almost grotesque, with farms of 10 hectares being divided into 40 or 50 separate fields often kilometres apart. Successive Governments have tried to remedy this, but the process still has a long long way to go, and in some cases the reorganised farms have been subdivided again, as the farmer's heirs have claimed what they consider to be their rights.

There is also in Germany an emotional attachment to landowning, generally explained to the visitor by the often repeated fact or legend, that in the crisis years of 1923 and 1947 only those with land had enough to eat.

The standards of husbandry have always been extremely good interms of production. The big farms in Schleswig Holstein are rightly an example to arable farmers everywhere, with their modern techniques. But these are replicated on the smaller farms which in many countries would not be considered worth farming as separate units at all.

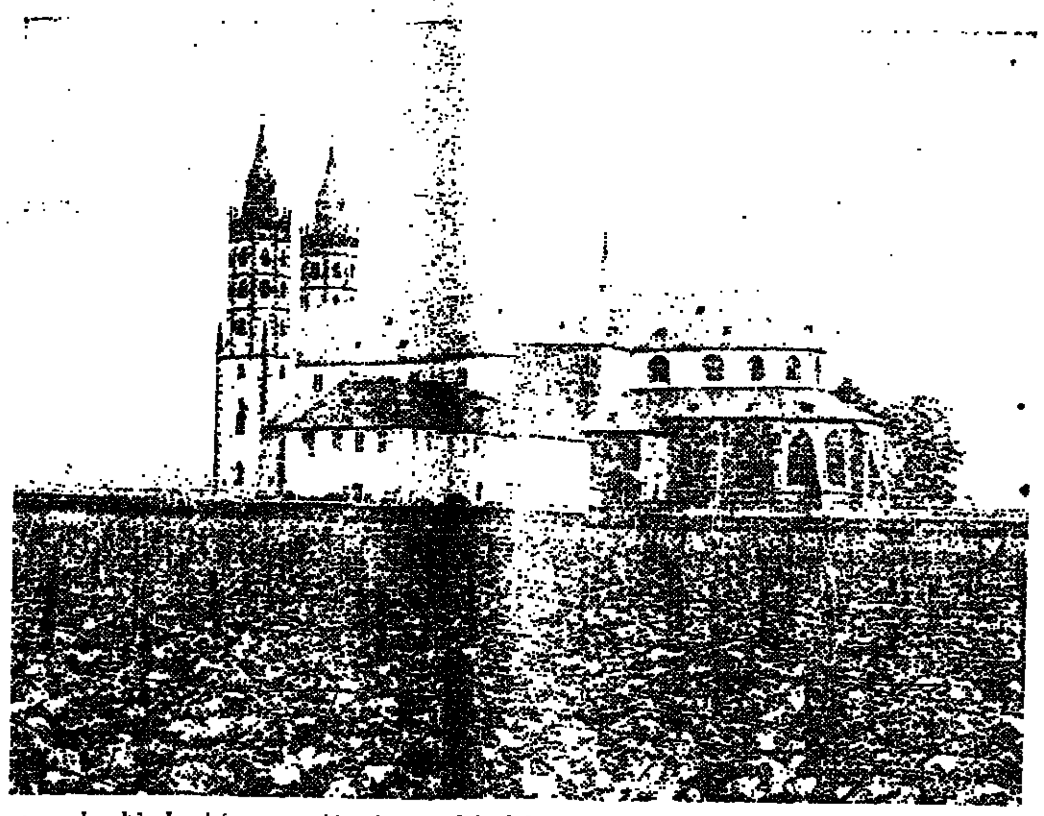
The basis of this agricultural excellence, for that is what it is, is a combination of Government assistance to the farming sector, some would call it favouritism, and the anomalies of the EEC currency chaos. There is no doubt that the policy of German Governments since the war, of bringing industry to the countryside, has paid enormous dividends in social stability. Only in a few special areas, the old-time invasion routes through the Eifel Mountains for instance, has there been no industrial development worth talking of. Elsewhere German farmers have the opportunity of factory work either in the village or in a nearby town.

This has meant that not only can small farmers have full or spare time employment, but that the families of full time farmers do not have to leave the country to find work, even if not actively engaged in farming themselves. German Governments contend that this policy has restricted the proletarianism of many other industrial societies.

Factors

In production terms the importance of the part time and spare time farmers can be overrated. It is estimated that they occupy 26 per cent of the land area and are responsible for 20 per cent of all production, leaving the full time farmers to produce 80 per cent of the country's output. Even so with these farms only averaging 22 hectares in size, their viability is due to other factors besides technical excellence.

Prices are paramount, and these are supported not only at EEC levels, but enhanced by the Monetary Compensatory Amounts designed to equalise out prices as between member states in spite of currency instability. The rise in the value of the Deutschemark against, say, the franc, should allow imports from France to undercut home production. To prevent this a variable levy is applied against imports from that country.



Langenbach's Liebfrauenstift vineyard in Worms, with the famous Liebfrauenkirche in the background.

In addition West German farmers enjoy the protection of a further 7 per cent on prices due to the refusal of the Government, under farmer pressure, to follow the revaluation of the D-mark with one of the Green-mark on which farm prices are based. The result of this altogether is that food imports from Britain carry a combined levy of about 35 per cent at the present time, while exports from Germany to Britain will enjoy a subsidy of roughly the same amount. This explains the importation of considerable quantities of German butter and beef which at times disturb the British market.

Britain is not the only country where farmers are complaining about this subsidisation of exports. Denmark, historically and geographically a supplier to the German market, complains long and bitterly that the high prices which German farmers enjoy are increasing production, which will shut them off more and more from what should be the richest market in Europe. Germany, they claim, should adopt the historic role of other industrial powers which used to import food in exchange for raw materials. Britain is an example the Germans show no signs of following.

There is a grey area of which some other Community countries complain. Although the passage of human beings across the border into East Germany is closely controlled, food and animals seem to suffer nothing like the same restrictions. Surpluses from the German Democratic Republic are allowed free entry and no check is really made of them. There were complaints at the time of the beef surplus crisis a few years ago, that much of the trouble was caused by imports from this source.

British farmers complain that with prices in many cases up to 40 per cent higher than their own, German farmers are spoilt. That these high prices are encouraging the overproduction which could well in the end swamp the Common Agricultural Policy out of existence, while the MCA's undermine their own markets. This is a natural reaction, but it should be said that in arguments of this sort little notice is taken of relative costs in the two countries.

In Germany labour costs are about double the British level in sterling terms, and the cost of inputs is in the main materially higher. But the fact is that, except on a few large farms, the employment of paid labour is almost nil, and that the labour force of family farmers and part-timers does not reflect current costs in real terms.

For instance in the pig industry German prices are running about the same level as those in Britain, while the cost of barley, a main feed ingredient, is 25 per cent higher. Such a situation would have brought an almost instantaneous reaction among British producers, with a fall in sow numbers and general cries of disaster. Although the German market has been in this situation for the past six months there has only just been a sign of a very slight reduction of sow numbers, and output overall is still rising.

Asset

The capacity of family labour to absorb punishment of this sort would be a considerable asset if ever the MCA defences which protect German farming were to be removed. The sophisticated labour intensive factory type farms, however, efficient in Britain, would, I believe, crumble in a competitive free for all with the German farming population, determined to remain farming albeit with the help of part-time work.

It's this resilience, which I believe to be West German farmers greatest asset. Far more effective than the political strength they hold through the mechanics of the German system of proportional representation, which could in the end be eroded by the vagaries of democracy. That, of course, added to the excellence of the land and the good husbandry they practice on it.

Dairy industry suffering from over-production

THE WEST German dairy industry is accused of being the main source of the Community's butter mountain, a charge indignantly refuted by German sources, who point out that the reason the country has the largest Intervention stocks of butter is that the strength of the Deutschemark, insufficiently compensated for by the Monetary Compensatory system, attracts stocks from other member countries into the German Intervention stores.

It is certainly true that the mechanics of the Common Agricultural Policy (CAP) do make for one European market, and there is scope for these movements. But the fact is that West Germany is at the present time *producing more butter than the country can consume.* The latest figure was 150,000 tonnes above present demand and some of it is being expensively exported to the British market, the only one in the world in deficit.

It would be unfair though to single out Germany as the main culprit in producing these milk surpluses. All countries are sharing in this to a degree, and it is estimated that total milk production of the EEC this year will prove some 17 per cent over probable demand.

The various measures introduced by the EEC to reduce this milk excess have had little effect in Germany as anywhere else in the Community. For instance, some 90,000 cows were supposed to have been removed from the *national herd during the past* year, helped by a premium scheme, but the latest census shows a fall of only 30,000—which could be no more than the seasonal variation. This demonstrates that it is almost impossible to stop milk production by any means short of shooting the cows, the farmers, and sterilising the land.

This is the case in most farming countries, but particularly applies in Germany where farms are small and the operators have no other forms of production which can return the same income as milk from the farm's own resources. It is also the case that cowkeeping is particularly attractive to part-time farmers, who can leave the cows to be milked by their wives and families while they go to work.

There was a period about eight years ago when there was a temporary butter shortage in the EEC, and many observers thought that this heralded a decline in milk output generally. Farmers and their families were rebelling against the tyranny of milking cows, it was claimed and were going into industry everywhere.

Wrong

This view has been proved wrong in the event and although there has been a fall of 13 per cent in the number of cowkeepers between the years 1974 and 77, the number of cows has only dropped by some 0.6 per cent and the total output of milk deliveries has risen by 7 per cent, mainly thanks to an increase in yields per cow.

An increase of yield per cow has been a feature of German dairy farming since 1960, but even more signficant has been the increase in the amounts delivered to dairies instead of being consumed at home in the production of calves, etc. These have risen from 4.3m tonnes in 1960 to 20m tonnes in 1976, and the trend is still continuing. This has undoubtedly been influenced by the firm market provided by the CAP Intervention system.

At the same time the consumption of *liquid milk has* fallen over the period from 82 kilos a head to 52 kilos in 1976 and the consumption of other milk products such as cream yoghurt—while showing slight increases—in no way make up for the fall in liquid offtake.

Just as serious has been the fall in butter consumption by 24 per cent over the period. It takes between 25 and 30 kilos of milk to make a kilo of butter, and the 2 kilo fall in the consumption of butter per head means a loss to human consumption of another 50 kilos of milk consumption. *The increase* in cheese consumption of 4 kilos a head over the same period has rectified the position slightly. Cheese absorbs around 10 kilos of milk per kilo of cheese produced and so brings the deficit back to 10 kilos.

It does seem though that the increase in cheese consumption, which has been, like the fall in milk and butter sales, common to most Community countries in various degree, is running out of steam. The only possible destination for surplus milk is into the butter churn and Intervention store.

Blamed

As the holder of the biggest surplus up to now Germany has been blamed for unloading supplies on the British market in very considerable quantities assisted by the Monetary Compensatory amounts, and the total available could more than exceed the New Zealand quota of 120,000 tonnes which becomes due for renewal in 1980. So far no one knows the answer to this particular puzzle.

The EEC Commission is at its wits' end to stem the milk flow, and a number of ideas on how to do this are believed to be under consideration. It is not thought now that price reductions can possibly influence output; in fact in the short term they could stimulate yet more output as farmers reduced unit costs by producing more.

If positive measures to restrict milk output ever came to be taken it is probabe that the West German farmers would be able to overcome them at least as well as farmers in other countries. They have good high-yielding cows, are not as dependent on purchased compounds and above all have a determination to remain in farming on a family labour basis which could outlast many more conventionally economic systems.

John Cherrington

Marketing agency's UK success

THE SUCCESS of *West German food producers* and processors in selling their food and drink products to the British housewife can be traced to a number of factors, in particular, Britain's membership of the European Economic Community. But without doubt one of the main reasons for the startling growth in sales of German foods in the UK—now over £550m, a sevenfold increase—is Germany's marketing agency the CMA.

The Centrale Marketinggesellschaft der Deutschen Agrarwirtschaft — in English the Central Marketing Organisation for German Agricultural Industries — was set up by the German government in 1969 *with the sole aim of improving* the marketing of German food and drink both in the Federal Republic and abroad.

The CMA was set up with the help of Federal finance for the *first five years to help it become* established to bring together the food and drink producers and processors to ensure that market demand was being created and fulfilled in the most effective way. Under the legislation setting up the CMA all producers and processors have to pay a certain sum towards its finances—the actual amount is based on a complex formula relating to the size and scope of the business, for example, the number of head of cattle held by a farmer.

The amount raised in this way—this year it provides the CMA with a total budget of £20m—is only a tiny proportion of the total value of sales of German food and drink both in the Republic and worldwide. But *in return the German food and* drink industry gets the benefit of what is claimed to be the most effective food marketing agency of its type in the world.

Increased

In fact no other country including the UK has anything as comprehensive as the CMA for marketing such a wide range of food and drink both at home and abroad. The CMA handles every type of German food and drink such as beer, sausages, bread, cheese, butter, cakes and biscuits with the exception of wine. But even so the CMA's efforts in increasing consumer awareness of German foods and drinks has inevitably increased the demand for German wine.

In return for the £20m allocated to the CMA each year the industry has a marketing operation in a network of offices around the world, including the U.S., Japan, Italy, Austria, France, Belgium, the Middle East and Britain. In Germany, the CMA has a full-time staff of just under 70 but its overseas offices have only a handful of permanent staff, preferring to use nationals on an agency basis where possible for specific tasks such as in-store promotions.

The CMA's UK office is located at the German Food *Centre in London's Knightsbridge.* It is the only one displaying German food in the UK and although operated by the CMA it is financially independent of the agency, being required to run at a profit.

The centre provides, however, a permanant showcase for all the food and drink products Germany offers and the CMA believes it is effective in showing German food in a real "selling" environment rather than in a "sterile" showroom.

About 60 per cent of the CMA's total budget is spent on marketing in Germany itself, with the remaining 40 per cent allocated to helping exports. According to Mr. Kurt Bettin, the CMA's director in Britain, the CMA has a wide variety of *methods by which it carries out* its basic task of promoting German food and drink sales in the UK.

The main job of the CMA is to provide a channel of communication between producers in Germany and importers and distributors in the UK. It does this by constantly monitoring those UK food sectors in which German products are, or might be, represented. The CMA interprets and disseminates this information to both the German exporter and UK importer to help them more fully understand the particular UK sector where they are selling.

Again, as part of this function, the CMA has to keep in close touch with the UK retail and wholesale trades and feed them with any information about German food and drinks which may be of help and interest. This is carried out in a number of ways, such as trade exhibitions for new products. The CMA also provides study tours to Germany for retail buyers to visit factories, farms, and dairies.

The CMA also carries out a major advertising and media *briefing programme on the* merits of German food and drink but it does not promote one particular brand over another.

But probably the most important feature of the CMA's *activities in the UK is the in-*store promotions it operates to encourage sales at the point of sale. "One of our strengths is that almost every product group—and therefore every in-store food department—can be involved," points out Mr. Bettin. "Each individual promotion is discussed in detail with the particular retailer or wholesaler concerned and then tailor-made by the CMA to suit his requirements."

Training

The CMA provides training on German produce for retail provisions managers and staff at retailers' own training centres. And, says Mr. Bettin, in-store promotions are not simply one-*off jobs. "Each promotion we* undertake is designed to build sales of German food and drink over the medium and long term as well as in the immediate duration of the promotion."

But the CMA also acknowledges that a successful marketing operation is not simply based on organising a promotion through a group's retail stores or cash-and-carry units. "Any real success in selling German products would be almost negated if we couldn't guarantee 100 per cent support from the importers," points out Mr. Bettin. "And I can say with absolute assurance that the CMA has a better and closer working co-operation with the importers of German food and drink than have other countries with their importers."

The success of the CMA's activities in the UK has made the British market the fastest growing in the world for German food and drink products. In 1971 the UK imported 110,000 tonnes of German food and drink, a mere 2 per cent of all West German food exports. By 1973 this had risen to 188,000 tonnes, representing *some 3 per cent of German food* exports.

But by 1976 the picture had changed dramatically with a record 667,000 tonnes of German agricultural products imported into the UK. Last *year the figure rose to 740,000 tonnes, accounting for a tenth* of total West German food and drink exports. This also pushed the UK into fourth place behind Italy, Holland and France in the EEC importing countries' league table for German produce.

The most popular German food product in the UK is butter—accounting for over 7 per cent of the total UK market—with beer the second most important product, with sales some 50 per cent above those of German wines. All the indications are that Britain will become the biggest importing country in the world for German beers by the end of this year, overtaking France.

While the CMA has been *largely responsible* for effectively marketing German food and drink in the UK, its success owes much to Britain's entry into the EEC in 1973. This meant that not only trade barriers and tariffs were reduced; the British consumer became more willing to try German foods because the price differential was narrowing. As the UK adjusted its food price levels to those of the EEC it meant that German food became more price-competitive.

The growth of German food was also helped by a greater appreciation among consumers—fostered by the CMA's advertising activities — of the high quality of German produce.

But ironically an equally significant factor was the fact that the UK's food distribution and retail network is so effective that German producers are able relatively easily to get their products into a number of UK stores and supermarkets.

Once in the stores, however, the food and drink products are top sellers. "Retail groups who have come to us for the first time have almost without exception claimed that the German food and drink promotion has been the biggest selling and the most exciting they have ever run," says Mr. Bettin.

David Churchill
Consumer Affairs Correspondent

More meat exported to UK

THE BRITISH, who for centuries have ploughed their way through mountains of roast beef and Yorkshire pudding with a certain fear and loathing of exotic meats, now appear enthusiastic to nurture their palates on foreign foods.

Chinese, Mexican, Indian, Japanese and — increasingly since our entry to the EEC—European food has been bought in greater quantity. Before Britain joined the Common Market, West Germany exported little to the UK. But a reduction of one-fifth in duty until its eradication last year, plus a low rate of inflation, has brought a touch of Germany to the British consumer.

Something in the region of 1,420 tons of German meat and sausage were imported to Britain in 1971. Then, total UK imports were a mere 2 per cent of all West German food exports.

Since then, however, sausage and meat imports to the UK have climbed steadily. Last year we ate around 5,500 tons of German meat and sausage, including tinned meat. Of that, 4,122 tons were pre-packed and loose cooked meat and sausage, an increase of 7½ per cent on 1976. The figure for this year looks likely to exceed 5,000 tons, excluding tinned meat. Up to the end of September over 3,640 tons were imported, making Britain the second biggest buyer of German meat and sausage after the Netherlands.

Cooked meats and sausages were fourth in the total West German food and drink export league until recently, when for the first time cheese exports surged ahead and relegated them to fifth place.

The West Germans have marketed their product not so much on price—which in some cases can still be double that of a British product—but on quality and difference.

There are strict regulations governing the manufacture and content of meats and sausages. The Federal authorities with the co-operation of manufacturers, consumers' and nutritionists compiled a "White Book for Food" which stipulates the exact ingredients and raw materials for foodstuffs and lists optional additions. Sausages and cold cut meats are also registered and at least 141 types of boiled and raw sausages have been defined.

These guidelines by no means standardise the different varieties of sausage. The only general rule is that German meats and sausages contain no flour, starch, artificial colouring or preservatives of any kind and that all German sausages are 100 per cent meat.

There are four kinds of meat and sausage made by the West Germans: smoked meats, preserved sausages, scalded sausages and boiled sausages.

Most of the meat and sausage coming into Britain is pre-packed for delicatessens, the catering trade, industrial canteens, other small outlets and big chain stores such as Marks and Spencer and British Home Stores, which buy German meat and sausage for their own-label brands.

Major supermarkets, which take most of meat and sausage imports, however, buy in bulk and package some of the products in Britain. Other big outlets are big department stores' food halls, and they, like supermarkets, purchase their meat and sausage selections directly from the main importers.

One of the biggest importers is Artland, followed by its sister company, Herta. Nölke, which operates a distribution network, deals only in sausages. The fourth leading importer is Steckmeyer.

German cooked meat and sausage is now sold throughout Britain. The Central Marketing Organisation for German Agriculture (CMA) runs year-round advertising campaigns to boost sales. Apart from a generic advertising campaign, CMA also promotes meat and sausage products by setting up supermarket food tastings in 1,500 outlets.

Although there are around 1,500 varieties of sausage alone available in West Germany, many of them are only made in small regions and in such small quantities that it would not be economically viable to export.

In Britain, some of the most popular brands of sausage included in the preserved sausage or rohwurst variety are salami, teewurst and cervelat. They are long-life sausages which have been preserved by smoking and air drying.

The Brilliwurst or scalded sausages include the famous frankfurter, and bockwurst. These are the finely minced meat sausages which are only slightly smoked and then scalded.

The last range of sausages available are the boiled or Kockwurst sausages which are liver, tongue and blood sausages and brawns, which are steam cooked or boiled. These include zungenwurst, sülzwurst and leberwurst.

The smoked or prepared meats fall very much into the minority. One of the most popular meats is Westphalian ham, although other, eye-catching names such as knockschinken, kassler, rippenspeer, and Lachsschinken are produced.

It is unlikely, CMA says, that the variety of meat and sausage products will stretch to other products, but projected sales look good. Within the next couple of years the German meat and sausage varieties will have all really caught on CMA claims. If not through generic advertising—then at least by word of mouth.

Colleen Toomey

1978 vintage 'better than predicted'

AS WITH many other things in life, quality and quantity seldom go together as far as wine is concerned. So it should come as no surprise to find that, in spite of the considerable reputation enjoyed around the world by its wine, Germany is a relatively small producer.

It ranks eighth in the list of the world's biggest producers in volume terms, behind Italy, France, Spain, the USSR, Argentina, the U.S. and Portugal. Production last year in Germany came to 228.5m gallons, most of which was consumed—or will be consumed—by the Germans themselves.

However, in 1977 Germany exported a little over 25m. gallons of wine (that is around 150m bottles) to about 130 countries, an increase of 12.8 per cent in volume on the previous year's performance. The value of the wine exported was equivalent to £97m, the highest ever.

The top ten export markets were headed by the U.S. which last year imported 9.46m. gallons of German wine, an increase of 22 per cent on 1976. The UK imports showed a slight fall of 1 per cent. They were 5.24m gallons.

Canada took 2.64m gallons of German wine, up 44 per cent on 1976; the Netherlands 1.98m gallons, up 18 per cent; Denmark 1.52m gallons, down 6 per cent: Sweden 1.12m gallons, down 2 per cent; Japan 616,000 gallons, up 17 per cent; the Benelux countries 572,000 gallons, down 10 per cent; Australia 440,000 gallons, up 25 per cent and Eire, 220,000 gallons, up 1 per cent.

This shows the importance of the UK as a market for German wines, because it accounted for more than 20 per cent of all wine exported last year. And the British actually drank about twice as much a head when the populations of the top importing country, the U.S. and the UK are compared.

Although there was a dip in the volume of German wine imported to the UK, the value jumped by 10 per cent to more than £19m.

That still represents remarkable value. The total takes no account of duty and VAT, of course, and it shows that the real cost of a single bottle was still only 61p, up 3p from 1976.

Bearing in mind the transport and other costs which have to be faced, plus the strength of the D-mark compared with sterling, the continued low cost is a tribute to the stable pricing policy maintained by the German wine growers.

This policy has been possible because of German efficiency and rationalisation in both viticulture and viniculture. While other countries have seen inflation up to 20 per cent a year at times, Germany has never experienced inflation even approaching double figures.

German wine growers are apologetic if their prices move up by 2.5 per cent. It is this price stability in the wine trade in Germany which has allowed exports to be built up.

To give some perspective to the progress in the UK you can look back to 1970 when sales of German wine amounted to around 9.6m bottles. That represented 8 per cent of the total market for light wines. Last year's sales of 31.5m bottles gave Germany 12.3 per cent of the total light wine market.

More important to the producers, perhaps, is the growth in Germany's share of the cash from total sales. In 1970 German wines accounted for 12 per cent of the value of all light wines imported to the UK and last year this value share had grown to 20 per cent.

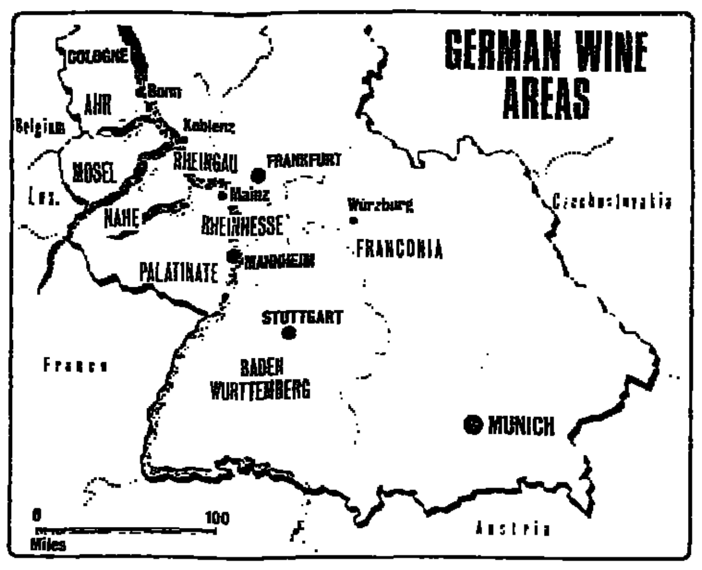
But last year was a difficult one for German wines in the UK. The excellence of the 1976 vintage coupled with a weak pound made the search by British shippers for the less expensive German wines an almost hopeless task.

UK consumers were also feeling the squeeze on the pound in their pocket and in 1977 price played an important part in the decision about which wine to buy.

The shortage of cheaper wine in Germany led to some marketing problems in the UK for a while. The German merchants searched for wines to make up for the absence of their home-produced types. So more and more of them turned to blending wines from other Common Market countries in an attempt to come up with an acceptable substitute.

When some of this wine arrived in Britain in the traditional German-style bottles, bearing labels with the Gothic print and scenes of fairy tale castles which the British associate with German wine, there was bound to be some confusion. Especially as the wine was, according to the label, "produce of the EWG," which indicates to the German customer it is wine of the EEC but does not mean much to the average British drinker.

The importers of German wine to the UK were somewhat concerned. After all, they had the reputation of German wines at heart and did not wish to see it damaged in any way. So they drew up a code of conduct about such things as the labelling of the blended Common Market wines from Germany, and this has gone a long way towards preventing customers being misled. For example, the origins of the wine have to be explained in the language of the country of sale. So bottles of EEC blends to be sold in Britain are now quite clearly labelled "wine from EEC countries."



The 1976 harvest, which produced an extraordinarily high proportion of top-graded wines, was, fortunately for producers and consumers, followed by a good commercial harvest last year—one in which elegant and fresh wines were available in good quantity.

This has already been reflected in the imports to the UK, which in the first six months of 1978 rose 20 per cent in volume to 2.8m gallons (about 16.5m bottles).

The wine laws of Germany are the most comprehensive and complicated in Europe and are also the strictest. The quality control is reflected on the label of any bottle. German wines have been restricted to three qualities since the regulations were tidied up at the beginning of the 1970s: there is Tafelwein (table wine); Qualitätswein (quality wine) and Qualitätswein mit Prädikat, the highest classification and one that can be roughly translated as "quality with distinction," with "distinction" being used in the sense of a degree or qualification achieved with honours. There are five "distinctions" within this last category: Kabinet, Spätlese, Auslese, Beerenauslese, and Trockenberenauslese.

Some of the greatest white wines in the world are produced in Germany, some of the best white table wines and some of the strangest reds—most of the reds are so light-bodied they look like rosés and taste like whites.

The British drinker has a tendency to indulge in table wine only when he is having a meal and this complicates life somewhat. For the finest German whites are better sampled on their own rather than as an accompaniment to food, although it has been suggested that they go well with a ripe peach, some other fruit dishes or dessert.

But my colleague, Edmund Penning-Rowsell, the Financial Times wine columnist who knows as much as anyone about such things, once advised me that fine German white wines should be drunk on their own except for a dry biscuit to nibble on.

Such wines must be reserved for special occasions, of course: even the Germans themselves find them expensive.

Most of the time, the British, when they are drinking German wines, will continue to choose from the list of extremely reliable branded wines offered by the shippers. These do offer a suitable accompaniment to the right kind of food.

The latest news from the German Wine Institute in Mainz is that the 1978 vintage will "certainly be better than predicted." Earlier this autumn the Institute suggested there was a "good chance of balanced wines" from the harvest.

A cold spell in July resulted in some damage to the crop and as a result the 1978 German harvest could produce only about three-quarters of last year's vintage of 228m gallons.

Kenneth Gooding

Big demand for German beers

BRITAIN IS poised to become West Germany's biggest beer export customer this year, with German beer ranking second only to Irish beer imports by volume.

The spectacular increase in German beer sales in the UK during recent years is the result of several factors, including an initial low base level, wider and more effective distribution, promotion and, perhaps most importantly, the general growth in sales of lagers.

According to the Central Marketing Organisation of German Agricultural Industries (CMA), the UK imported 50.8m litres (11.2m gallons) of German beer in 1977, an increase of 36 per cent over 1976. This placed Britain second to France in the German beer export league.

However, Mr. Kurt Bettin, Director of CMA (UK) predicts that the figures for 1978 will reveal a 40 per cent increase in German beer exports to the UK over 1977, taking the total German beer imports of canned, bottled and draught premium lagers to 70m litres (15.4m gallons). Three years ago, Mr. Bettin says, it was difficult to persuade store managers to include German beer in promotions. Now that situation has "totally changed." Most of the growth, he claims, has actually come through retail sales in supermarkets, although the greatest share of sales volume still comes from public houses.

German beer, although referred to as a lager, bears little resemblance to British lager; indeed Mr. Bettin prefers to talk of it as "lager-type" beer.

Historically, German beer production is controlled by "purity laws" (reinheitsgebot) with individual beers distinguished by strength. With the exception of einfachbier (plain beer) German beers are much stronger than the majority of English brews.

The German industry itself is highly fragmented and largely based on regional or even city brews. Dortmunder Union-Shultheiss Brauerel is the largest brewer in the country (and the second largest brewery group in Europe) producing 9m barrels a year, with sales in 1976 of DM 1.1bn, a slight fall over the previous year.

Brewers

However, it is estimated that there are between 1,600 and 1,800 individual brewers in Germany, compared to about 160 in the UK. Although the bulk of the total annual German beer production of 93.5 hectolitres (2bn gallons) is manufactured by a small number of larger brewers fewer than 25 per cent of German brewers have an annual output of more than 1m hectolitres.

It is this fragmentation of the German brewing industry, coupled with a per capita consumption averaging about 150 litres a year, making Germany the EEC's biggest beer market, which led British brewers in the early 1970s to predict a bright future in the German industry.

In 1973 Watney Mann paid £18.5m for a 76 per cent stake in the Stern Brauerei Car Funke company, one of the 10 largest concerns in Germany, and predicted that rationalisation "was inevitable."

However, since then there have been no major mergers in the industry despite somewhat sluggish sales among the leading brewers. The reason for this appears to be a previous failure to recognise the intensely local nature of the West German brewing industry and the innate conservatism of the West German drinking public.

This is perhaps demonstrated by considering the fact that in Cologne they drink "koelsh," yet in Düsseldorf, only a few miles up the road, the local brew is "alt"—a rich dark old ale. This strong regional attachment to local beers has made it difficult for the West German brewer to benefit from the economies of bulk production.

It has, however, turned attention towards the potential of export markets and, in particular, Britain among West Germany's EEC partners. One of the problems facing the West German beer exporter is raising sufficient capital to transport, distribute and promote German beer in a market such as the UK. This has tended to limit the range of German beer available in Britain and also to lead towards marketing links with one of the major British brewing companies.

There are now nine brands of West German bottled, canned and draught beers on sale in the UK. Mr. Bettin believes that the variety of West German beer available in the UK will continue to expand at the rate of about one new brand a year.

Against this background, competition in the UK German beer market is clearly hotting up with the market leaders like Holsten spending large sums on advertising campaigns to stave off new rivals.

Holsten, an old German beer from Hamburg in northern Germany, has been sold in the UK for 16 years and claims to be the market leader in "both volume and value terms." It is one of the three biggest West German brewers and has the largest slice of the northern German market producing about 50m gallons of beer a year.

Premium

Holsten Pilsner, a premium lager with a specific gravity of 1045°, has been marketed in the UK since 1952. Distribution is through Holsten Distributors, a company jointly owned by the Holsten brewers and the Grand Metropolitan Group, to the Watney and Truman brewery outlets. Significantly some of Holsten's premium lager is now manufactured in the UK. Under an agreement signed in October 1977, Watney Truman Brewers began to brew the draught lager under licence at the company's recently redeveloped Mortlake brewery in London.

Holsten Distributors also imports Holsten Diat Pils, one of the first low-calorie, low carbohydrate beers to be sold in the UK. Diat Pils is a dry, light lager originally designed for diabetic sufferers and those who have to watch carbohydrate intake. It has a strength of 1045° and is sold by every major brewer in Britain. The introduction of other Diat Pils varieties could threaten the dominance of Holsten in this market. The company has therefore increased its advertising substantially.

Löwenbräu, is perhaps Germany's other most famous beer. Brewed in Bavaria, Löwenbräu has a history stretching back as far as the 16th century.

Löwenbräu Light Special premium lager is a strong lager, gravity strength of 1058°, and is distributed by Allied brewereies throughout the UK to pubs, hotels, restaurants and off-licences. It is sold in cans and continental bottles containing 12½ fluid ounces.

In May, 1977, Allied became the first British brewer to reach a licensing agreement with a German beer manufacturer to produce a German-style lager in the UK. Löwenbräu lager is now brewed by Allied at Wrexham and sold under the name Löwenbräu Munchener. It has a lower gravity than the export draught and is seen by the company as complementing rather than replacing the imported beer.

The domestically produced lager is available in the Ind Coope region in the South of England, where it is sold alongside Skol. Löwenbräu's Dark Special beer which came in bottles only was withdrawn from the UK market by Allied about 18 months ago because of lack of demand.

Three months ago Löwenbräu introduced a high gravity Diat Pils into the UK market. Brewed in Munich and then bottled in Allied Breweries's Burton on Trent plant, Löwenbräu Diat Pils is sold in 10 oz bottles as a rival to the Holsten Diat Pils. The company claims sales are "going well," although because of the competive nature of the market most companies are unwilling to put figures to their claims.

The most recent German beer brand to reach the UK market is Henninger brewed at Frankfurt, where the company has an annual production of about 2bn hectolitres, and distributed in Britain by Courage. Two Henninger produced products are at present on sale in the UK, Henninger Diat Pils, aimed once again at the Holsten market in the UK and Henninger Kaiser Pilsner. Courage claims both beers are selling well and adds that although there are no plans at present to brew either beer in the UK this might happen at some future stage.

In addition to the Diat Pils and Pilsner, Courage is test marketing Satzenbrau Pils developed by the Harp consortium and brewed in Ireland.

Dortmunder Union, Germany's largest brewers owned in part by the Bayerisch Hypotheken and Wechsel Bank and the Dresdner Bank, markets two beers in Britain which are sold through the Victoria Wines off-licence group, and which are widely available in Indian restaurants. Dortmunder Union Pils is a medium strength beer (1044°), while the Spzial beer has a higher strength and is sold in bottles and cans.

There are five other German beers available in the UK. Beck, the Bremen brewers, is the most widely sold German beer selling in 140 countries throughout the world. Beck's beer is sold through off-licences and independent breweries in Britain and is available in bottles and cans.

Merged

Dortmunder Ritter, now part of the Dortmunder Union Schultheis group, sells five brews in bottle or cans in Britain: these are Dortmunder Ritter-Urtyp, Brau, Kraftborn Malzbier and Schultheiss Diat Pils. Distribution is through DRS Beers in Orpington, Kent, and the beers are available in cash and carry, independent off-licences and free on-trade outlets in the South, London and the Midlands.

Dortmunder Hansa, now merged with Dortmunder Actien, sells beer nationally in the UK through the grocery trade, including Safeway, Tesco and Waitrose cash and carry and wholesalers. Dortmunder Hansa production is estimated at 9m gallons per year.

Hacker-Pschorr, the Munich brewers, sells three beers, Edelhell-Export, Dopple Bock and Animator in the UK through the House of McLaughlin company.

Herforder, one of the largest privately owned brewers in West Germany, sells its Pilsner beer in bottles and cans in the UK through German Food Products of London.

Overall German beer is doing well in the competitive UK market. Mr. Bettin predicts further expansion based on the strength of the lager market and "the increasing discrimination" of beer drinkers in Britain. In 10 years lager has captured over 25 per cent of the UK beer market. The latest predictions by city stockbrokers Buckmaster and Moore, suggest that draught lager sales might expand by 70 per cent and packaged lager sales by 60 per cent by 1985, giving lager an overall market share of around 34 per cent.

West Germany's high strength premium lagers would clearly be in a strong position to take advantage of this growth. It remains true, however, that West German beer has only about 1 per cent of the total UK beer market and premium lagers still only account for something around 10 per cent of the total UK lager market. Mr. Bettin believes that the most likely, although perhaps unwelcome trend within the market for West German beers in the UK, will be towards more UK production of German-style lagers.

If German beer has, by virtue of its low base level, a wide margin for sales expansion in the UK, this is even more true of German spirits. Doornkaat Schnapps is perhaps the most widely known West German spirit, made from wheat and juniper berries. Doorkaat claims the biggest share of the UK Schnapps market.

The other relatively well known German spirit is Asbach Brandy described as "Weinbrand" to distinguish it from Cognac (a distinction forced on the Germans by the Treaty of Versailles).

Other German spirits include Schinkenhäger and Schlichte Schnapps, and an assortment of liquers which are, perhaps unfortunately, not widely available in the UK.

Paul Taylor

WORLD STOCK MARKETS

Inflation warning curtails Wall St. rally

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—85½% (82%)

Effective $1.9680 40½% (38%)

HELPED BY a firmer tone to the dollar and a consequent fall in the price of gold, Wall Street staged a technical rally yesterday morning, but most of the gain was subsequently lost following a harsh warning about inflation from the Administration's chief inflation fighter.

The Dow Jones Industrial Average, after the 22 points fall of the past two days, was up about 7 points at 1 p.m. yesterday before slipping back to finish only 0.34 harder on the day at 785.60. The NYSE All Common Index closed a net 16 cents firmer at $51.52, after touching $51.94, while rises outnumbered falls at the close by just a narrow margin of 858-to-561 after an initial three-to-one lead. Trading was fairly active with volume reaching 26.28m shares, compared with yesterday's 30.54m.

Administration inflation fighter Alfred Kahn declared that there will be a "deep, deep depression" if inflation is not checked in the U.S. He said the American people have no other choices than to accept the Administration's programme to fight inflation or to accept a severe economic downturn. Although other Administration officials have warned of a recession if the anti-inflation programme fails, Kahn is the first to use the world "depression" publicly.

Mr. Kahn, however, also offered a hopeful note, saying the Administration is studying the increase in the minimum wage set for January, although he had no idea how the study would turn out. The rise in the minimum wage has bee ncited as one way in which the Federal Government has been adding to inflationary pressures.

The new 11 per cent Prime Rate level gained a few new adherents yesterday, including Chemical Bank, which also raised its broker loan rate.

Analysts said the market may have also drawn some early support from Boeing, which has received orders and options for 100 jet aircraft with a delivered value of nearly $3bn. Boeing topped the actives list and rose to $82¼ before settling back to $80¾ for a net gain of only ½.

General Electric won engine contracts from Delta Air Lines and American Airlines and said they were valued at around $200m. GE added ⅞ at $48⅝ and Delta ½ at $39⅞, but American eased ⅛ to $12⅜.

P. R. Mallory soared 13¼ to $45¼ in its first trading since Dart Industries announced plans to buy all the Mallory shares not yet owned for $46 each. Mallory's Board has rejected the offer as inadequate.

MBPXL climbed 3½ to $25½. Cargill has agreed to buy 26 per cent of MBPXL from major holders at $27 a share and to tender for the rest shortly. Conagra, which earlier had agreed to acquire MBPXL, rose 1½ to $22.

Levi Strauss picked up ½ to $33½. The company now expects fiscal fourth-quarter profits to exceed rather than match the year-ago results.

K Mart eased ⅛ to $23⅜ ex-dividend desite improved fiscal third quarter profits, while Uniroyal lost ½ to $6 on omitting the quarterly dividend.

THE AMERICAN SE Market Value Index ended 0.71 up on balance at 139.69, after reaching 140.28 at 1 pm. Volume 3.62m shares (4.87m).

Resorts International "A" gained 1½ to $27 in active trading. Golden Cycle picked up ½ to $12½ despite a revision that widened its third-quarter loss.

Niagara Frontier Services dropped $13 to $18½ on Sport Systems withdrawing its offer to buy Niagara for $79.5m.

Canada

Surging Oil issues led a fairly broadly-based upturn on Canadian stock markets yesterday in active trading.

The Oils and Gas index moved ahead 33.6 to 1,623.3, while the Toronto Composite Index added 7.7 at 1,221.5. Metals and Minerals put on 4.8 to 1,060.4, and Utilities 1.53 at 187.42, but the Gold share index, on lower Bullion prices, retreated 49.4 to 1,315.7.

Among Oil stocks, Pacific Petroleum, subject of a $65.02 per share take-over bid by Petro-Canada, rose 3¾ to C$58. Bow Valley, C$18¾, and Dome Petroleum C$75½, gained 1½ a piece. Canadian Superior Oil, which reported higher third-quarter net profits put on 1¾ to C$66½.

Tokyo

Further profit-taking and speculative selling caused stocks to react afresh across a wide front yesterday. The Nikkei-Dow Jones Average relinquished 42.69 more to 5,900.18, while the Tokyo SE index was 2.40 lower at 437.70. Trading was fairly active, although volume, at 310m shares, was well below Tuesday's 410m.

Pharmaceuticals, Papers, Housings, Electric Cables and Synthetic Textiles were outstandingly weaker sectors, but some Construction issues related to public works spending were higher.

Fujisawa Pharmaceutical lost Y30 to Y1,070, Toyama Chemical Y15 to Y865, Oji Paper Y6 to Y391, Toray Industries Y5 to Y160, Nippon Steel Y2 to Y144 and Showa Electric Wire and Cable Y13 to Y530.

The dollar's recovery helped some export-orientated shares to gain ground, Sony adding Y30 at Y1,440 and Pioneer Electronic Y20 at Y1,490.

Germany

Shares mainly edged forward in relatively quiet trading, but finished a little below the day's best. The Commerzbank index closed 3.5 firmer at 825.9.

MAN rose DM 3.00 to DM 226.50 on an increased dividend of DM 7 for the year ended June 30 and higher net profits.

In Engineerings, Demag advanced DM 6.80, while Volkswagen, in Motors gained DM 2.00. Deutsche Bank put on DM 1.00 and Electricals had Siemens DM 1.20 higher.

The Domestic Bond market was generally firmer, with Public Authority issues registering gains of up to 20 pfennigs. The Regulating Authorities sold a nominal DM 15.8m of paper, compared with DM 49.5m the previous day.

Paris

Market continued to show an easier tendency, with sentiment further dampened by the raising of the Call Money rate to 7½ from 6¾ per cent and the fresh overnight setback on Wall Street.

Electricals, however, were steadier, with CIT-Alcatel hardening a shade to FFr 1,003 on announcing higher consolidated and parent company sales for the nine months ended September 30. Metals were also resilient to the general easier tone, with Creusot Loire putting on FFr 1.0 to FFr 62.3.

Australia

Further widespread selling occurred yesterday, leaving prices down close to their early August levels. The Sydney S.E. All Ordinary index retreated 7.24 more to 516.88

Trader disillusionment with the market was attributed to the Wall Street setback, unsettled commodities markets, dissatisfaction with the performance of the Fraser Government and a fear that interest rates in Australia soon will start to go up as the Reserve Bank yields to market forces.

BHP declined another 10 cents to A$8.00, while Bank NSW receded 6 cents more to A$6.60 and Woolworths shed 3 cents to A$1.49.

Coal and Uranium stocks came under a heavy bout of selling pressure.

Uraniums were thrown off course by reports that the Canadians were stepping up their search for uranium so that they could beat Australia to the market. Pancontinental fell 50 cents to A$10.40, EZ Industries 12 [illegible] cents to A$2.75 and Peko-Wallsend 10 cents to A$5.46.

Bellambi led the slide in the Coals sector, retreating a further 15 cents to A$4.25. Thiess and Howard Smith each lost 10 cents to A$2.85 and A$3.80 respectively, while White Industries slipped 7 cents to A$4.73.

Elsewhere in Minings, CRA were 10 cents lower at A$2.95 and Western Mining 7 cents down at A$1.53, while the recently floated Ashton Mining ended 2 cents cheaper at 80 cents, after a new low of 79 cents.

Hong Kong

Tuesday's technical recovery was continued early yesterday, but the market subsequently showed renewed weakness on speculation of a further local interest rate rise before the end of the week. The Hang Seng index finished 10.64 down on the day at 538.56.

Jardine Matheson receded 40 cents to HK$12.90. Hutchison Whampoa 27.5 cents to HK$4.675. Hong Kong Bank 30 cents to HK$17.70. Swire Pacific 20 cents to HK$7.35. Hong Kong Land 10 cents to HK$8.90 and Wheelock 7.5 cents to HK$2.775.

Hong Kong Wharf fell HK$1.90 to HK$29.10. Associated Hotels 70 cents to HK$3.10. Hong Kong Hotels 60 cents to HK$18.80, China Light 40 cents to HK$25.20, Sun Hung Kai Properties 25 cents to HK$7.05 and Cheung Kong 20 cents to HK$10.10.

Milan

Stocks fell afresh under further pressure from technical and speculative sales ahead of the approaching Settlements Day.

Blue Chips and shares of some State-owned groups were especially affected by selling. Late support action by State banks reduced some losses but did not halt the general downward trend.

The closing listing of Italsider, Finsider and Liquigas was suspended at one moment as their losses had exceeded 20 per cent. The market of Liquigas was negatively influenced by demands of brokers for the suspension of its quotation pending a clarification of the state of the company. The final decision about suspension of Liquigas shares must be taken by Consob, the State body responsible for stock markets.

Finsider lost 13 to L121 Italsider 21 to L315, Pirelli 39 to L1,820 and Fiat 30 to L2,550.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Pta 500 denom. unless otherwise stated. ♣ DKr 100 denom. unless otherwise stated. ♠ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. • Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

[illegible]

† Bid. ‡ Asked. ¶ Traded. ‖ New stock.

CANADA

[illegible]

Indices

NEW YORK—DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

MONTREAL

[illegible]

TORONTO

[illegible]

JOHANNESBURG

[illegible]

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS 498

GERMANY ◆

[illegible]

TOKYO ¶

[illegible]

Source Nikko Securities, Tokyo

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

PARIS

[illegible]

SWITZERLAND ♠

[illegible]

COPENHAGEN ♣

[illegible]

MILAN

[illegible]

VIENNA

[illegible]

AUSTRALIA

[illegible]

BRAZIL

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

[illegible]

INDUSTRIALS

[illegible]

Securities Rand U.S.$0.68 (Discount of 40.8%)

SPAIN ♥

[illegible]

STOCKHOLM

[illegible]

BASE LENDING RATES

A.B.N. Bank	12½%
Allied Irish Banks Ltd.	12½%
American Express Bk.	12½%
Amro Bank	12½%
A P Bank Ltd.	12½%
Henry Ansbacher	12½%
Associates Cap Corp.	12½%
Banco de Bilbao	12½%
Bank of Credit & Cmce.	12½%
Bank of Cyprus	12½%
Bank of N.S.W.	12½%
Banque Belge Ltd.	12½%
Banque du Rhone	13 %
Barclays Bank	12½%
Barnett Christie Ltd.	12½%
Bremar Holdings Ltd.	13½%
Brit. Bank of Mid. East	12½%
■ Brown Shipley	12½%
Canada Perm't Trust	12½%
Cayzer Ltd.	12½%
Cedar Holdings	12½%
■ Charterhouse Japhet	12½%
Choulartons	11½%
C. E. Coates	12½%
Consolidated Credits	12½%
Co-operative Bank	*12½%
Corinthian Securities	12½%
Credit Lyonnais	12½%
Duncan Lawrie	12½%
The Cyprus Popular Bk.	11½%
Eagil Trust	12½%
English Transcont.	12½%
First Nat. Fin. Corp.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	12½%
Greyhound Guaranty	12½%
Grindlays Bank	12½%
■ Guinness Mahon	12½%
■ Hambros Bank	12½%
■ Hill Samuel	§12½%
C. Hoare & Co.	†12½%
Julian S. Hodge	13½%
Hongkong & Shanghai	12½%
Industrial Bk. of Scot.	10 %
Keyser Ullmann	12½%
Knowsley & Co. Ltd.	14½%
Lloyds Bank	12½%
London Mercantile	12½%
Edward Manson & Co.	13½%
Midland Bank	12½%
■ Samuel Montagu	12½%
■ Morgan Grenfell	12½%
National Westminster	12½%
Norwich General Trust	12½%
P. S. Refson & Co.	12½%
Rossminster	12½%
Royal Bk. Canada Trust	12½%
Schlesinger Limited	12½%
E. S. Schwab	13½%
Security Trust Co. Ltd.	13½%
Shenley Trust	11 %
Standard Chartered	12½%
Trade Dev. Bank	11½%
Trustee Savings Bank	12½%
Twentieth Century Bk.	13½%
United Bank of Kuwait	12½%
Whiteaway Laidlaw	13 %
Williams & Glyn's	12½%
Yorkshire Bank	12½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10½%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10½%, and over £25,000 10¾%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

FARMING AND RAW MATERIALS

U.S. sugar crop rise forecast

WASHINGTON, Nov. 15.

U.S. PRODUCTION of cane and beet sugar will rise 200,000 short tons to about 6m tons in 1978-79 while the sugar beet crop will advance 4.4 per cent to around 26m tons, according to U.S. Agricultural Department economists, Thomas Little and Fred Gray, reports Reuter.

They told the USDA's outlook conference that beet sugar from the 1978-79 crop is expected to total about 3.3m tons, raw sugar equivalent, up from 3.1m in 1977-78.

Sugarcane acreage for harvest will total about 753,000 acres in 1978-79, down slightly from a year ago, the economists predicted. Production in 1978-79 may match the 2.68m tons of the previous year.

Deliveries of sugar in 1978 will total between 10.9m and 11m tons, down from 11.25m in 1977, they said. Beet sugar deliveries this year are expected to be between 3.1m and 3.3m tons, down from 3.5m in 1977. Cane sugar deliveries are estimated at 7.6m to 8m tons, raw value.

U.S. sugar imports in 1978 will total about 4.2m tons.

Our Commodities Staff writes: London sugar futures prices rose modestly yesterday with the March position closing £0.975 higher at £112.525 a tonne.

Dealers said, however, that there was no fresh fundamental news to explain the rise.

UK demand for soya meal slows down

UK DEMAND for nearby supplies of soyabean meal is reported to have slowed considerably this week.

Shortfalls created by UK processing plants production losses have virtually been covered by supplies transhipped from the Continent, brokers said.

A fair amount of European buying took place during the dollar crisis and although currency advantages have since disappeared Europe may find itself with a surplus around December-January.

Traders generally anticipate heavier meal supplies this season. They expect a significantly larger production in the U.S. and note that, weather permitting, larger soyabean crops are forecast for South America.

In Washington, it was forecast that U.S. production of oils will be held back in 1979 due to lower output of tallow and animal fats. But more soyabean oil will be produced, according to Alan Holz of the U.S. agriculture Department's Foreign Agriculture Service.

Reuter

Britain attacks butter sale to Russia

BRUSSELS, Nov. 15.

THE EEC Commission today confirmed that it has reserved its judgment until next Thursday on a French request that it should fix in advance the export rebates on 14,500 tonnes of butter, intended for export to the USSR.

If the request is approved, the exporter stands to collect rebates of around £16m.

The request was passed to the Commission's management committee late last Friday. Subsequent inquiries revealed that the butter was destined for the Soviet Union, and the matter was temporarily frozen.

The issue is a sensitive one for the Commission, which was formally censured by the European Parliament in March last year for permitting the heavily subsidised sale of 36,000 tonnes of butter to the USSR by M. Jean Maptiste Doumeng, a prominent French agricultural exporter.

The EEC butter mountain currently stands at 218,000 tonnes in public storage and 275,000 tonnes in private storage. With the EEC intervention price at 235.72 units of account per 100 kg and the world price at 71.2 ua per 100 kg, an export rebate of 164.52 ua—100kg (just over £1 per kilo) is indicated.

Christopher Parkes writes: Mr. John Silkin, the UK minister, will go to next week's Council meeting briefed to use all his powers to prevent the deal from going through, officials said.

He said in a television interview that the proposed sale proved once again the folly of paying EEC farmers too high a price for their produce. The solution was to keep down prices. This would discourage over-production and encourage consumers to eat more.

Over-production and high prices have led to further increases in Community butter stocks. The "mountain" held in official cold stores represents enough supplies to keep Britain going for almost 18 months at present rates of consumption.

Under the draft agreement between EEC traders and the USSR buyers, 14,000 tonnes of the butter would come from France and another 6,000 tonnes from Ireland.

New peaks in cocoa market

By Our Commodities Staff

COCOA PRICES on the London futures market rose sharply yesterday with nearby positions ending at new 1978 highs.

The March quotation climbed to £2,145 a tonne at one stage and ended the day £45.5 up on balance at £2,134 a tonne. March cocoa has now advanced by £120 in the last four trading days.

Market sources said yesterday's rise was mainly due to technical factors. Speculative buying has gained momentum encouraged by "bullish" chart patterns and there has been a good deal of covering against earlier "short" sales.

The market was also boosted yesterday by reports that the Nigerian crop estimate had been reduced to 120,000 tonnes from a recent prediction of 130,000.

Further upward pressure was provided by rumours of increased Eastern European buying against a background of reduced producer selling.

The late fall was attributed mainly to profit-taking.

GRANTON PORT CLOSURE

Grim cost of fish impasse

BY RICHARD MOONEY

THE GRIM cost of the continuing struggle over EEC fisheries policy was brought home forcefully to 150 trawlermen and onshore workers at the Scottish East Coast port of Granton earlier this month.

A decision by William Liston, a Boyd Line subsidiary, to cease trading will eventually throw these people on to the dole queue and, more significantly, it means the death of a once-thriving port.

At its peak, just after the last war, Granton port boasted 80 trawlers and gave employment to some 1,200 people. But Listons was the last remnant of the local industry, and despite desperate attempts to keep the port going in the face of ever-diminishing fishing opportunities the company was forced to throw in the towel following the announcement last month of tighter Government controls on south-west coast mackerel fishing.

Most of the workforce has already been paid off and the 25 shore-based employees kept on to assist with the winding-up of the company will be gone by Christmas.

Mr. Munro Liston, the managing director, was in no doubt where the blame lay. "The Government has failed to face facts," he said, following the closure announcement. "Unlike other EEC governments, it has given no interim aid to keep the UK fishing industry viable in the face of its insuperable short-term difficulties."

Mr. Liston was fully behind the tough negotiating stance adopted by Mr. John Silkin, the UK fisheries minister, in Brussels. "It is important that the UK should secure its fair share of EEC fish resources," he said.

"But if things go on as they are Britain could find itself without a sufficiently strong fishing fleet to benefit from any eventual Common Fisheries Policy deal, no matter how advantageous it appears." He said he would be surprised if his company proved to be the only one in such desperate straits.

Liston's problems have been typical of those dogging the UK fishing industry in general. The world-wide switch to 200-mile limits has reduced catching opportunities in distant waters, but EEC membership has prevented British trawlers getting full benefit from the extension of UK limits.

To make matters worse, stock depletion due to serious overfishing in the past has forced the EEC and the UK to impose stringent controls on catch levels. Fishing for some stocks, such as North Sea and West of Scotland herring, has been banned altogether.

In common with other trawler operators William Liston has spared no effort in seeking alternatives. The company's seven trawlers, whose traditional quarries were cod, haddock, whiting and herring, have been sent to catch sprats, and sand eel, horse mackerel, blue whiting and mackerel in an effort to keep the company viable.

For a while this policy worked, though the two large stern trawlers had to subsidise the losses made by the five side trawlers. But luck was not with the company.

An ambitious venture to catch blue whiting (a hitherto unexploited species) for transhipment to a Russian factory ship went sour when the fish moved north into Faroese waters a month earlier than usual. British vessels were prevented from following the fish because the Faroes authorities refused to grant the necessary licences.

The Faroese decision in this case was seen as a reflection of its embittered attitude to the UK and the EEC because of the difficulties caused by the absence of a fully agreed common fisheries policy.

This episode cost Liston's £250,000. Mr. Liston was particularly bitter about the loss because of the Government's failure to provide any financial backing for the venture. "The fishing industry had been urged to catch as much blue whiting as possible to establish a historic right but when we sought Government aid to underwrite the operation we received the cold shoulder," he complained.

Following this disaster, however, the company still managed to keep going on the basis of mackerel catches by its two stern trawlers, *Arctic Challenger* and *Riever* off the Cornish coast. The last straw was placed on the camel's back when Mr. Silkin announced new mackerel fishing controls which altered the balance in favour of the local industry and against the larger trawlers.

As a result Liston claimed its two stern trawlers would, from November 5, have suffered a 57 per cent cutback in catches at which level their earnings would have been insufficient to continue subsidising the company's other vessels.

With no other choice the company folded. The stern trawlers will now work from another base but the side-trawlers have had to be laid up.

In the statement announcing the closure decision Listons revealed that its vessels had been losing more than £2,000 a day in the north east arctic summer season.

"Combined with the severe decline in catches of near and middle water fleet caused by overfishing by our Continental partners and restrictions at Faroe, the company cannot afford to sustain the losses being made," the company said. "We have no option but to stop all vessels which are not operating profitably."

Mr. Liston sees no possibility, moreover, of the port ever being revived. "Once the men, both at sea and on shore, have gone their skills will be lost to Granton for ever," he said. He added that it would be a relatively short time before physical decay put the port's facilities beyond repair.

For his former employees he was slightly more hopeful. "The trawlermen should be able to get jobs at Aberdeen," he said. But he admitted that as more and more vessels are laid up or scrapped around the British coast it must become increasingly difficult for displaced fishermen to find new opportunities to exercise their traditional skills. The message is clear—if Mr. Silkin is successful in Brussels Britain could well find itself with a generous allocation of fish, but no way of catching them.

A COMMON MARKET panel working to resolve Britain's fishing dispute with the EEC is expected to finish its report this week but will make no specific recommendations, community sources reported in Brussels.

The working group will submit only a listing of various nations' positions, for study tomorrow by the permanent representatives of Community nations in Brussels. The list will be reviewed at a special meeting of community fishing ministers next week.

Metals hit by new 'sell off'

BY JOHN EDWARDS, COMMODITIES EDITOR

A FURTHER "selloff" in lead by speculators caused a general fall in London base metal markets yesterday. Cash lead closed £15 lower at £377.5 a tonne, making a loss of nearly £30 in the last three days.

Traders still maintain that there is a shortage of lead supplies available to the market, as confirmed by the cash price remaining at a premium over the three months quotation. But speculators, who helped to push prices up, have evidently decided the time has come to take their profits, or cover any potential losses in what is seen as an overbought market.

Tin prices were also under pressure again, as the Penang market unexpectedly fell sharply on Tuesday night despite the rally in London previously. Standard grade cash tin lost £85 to £7,625 a tonne at the close. Cash zinc fell by £4.75 to £338.25 a tonne following the trend in lead. Copper was also affected by a downward move in the New York market and cash wirebars closed £5.25 lower at £731.25 a tonne.

A fall in refined copper consumption in the Western world next year is predicted in the latest issue of Copper Trends, issued by Amalgamted Metal Trading, London metal brokers.

It estimated that demand will be down by 118,000 tonnes in 1979 due to a fall of around 180,000 tonnes in U.S. consumption, but then expects demand to rise by nearly 380,000 tonnes to 7.25m tonnes in 1980.

The report forecasts that by mid-1979 the slowdown in U.S. consumption will have become more severe, and with Western Europe similarly affected there will be a sharp downwards reaction in prices at that time from a level of about 75 cents a pound.

However, it adds that it is likely by next spring that a sharp technical recovery in the U.S. dollar and a possible poor balance of payments outlook for the U.K. would put sterling under pressure and provide support for the London price of copper.

Refined production of copper is forecast to increase in 1979 by 150,000 tonnes to 7.15m tonnes as a result of increased capacity in Asia and Western Europe exceeding likely declines in Zambia and Zaire. This rising trend should continue with output going up by a further 300,000 to 7.47m tonnes in 1980.

Supply and demand are estimated to be roughly in balance this year after a drawdown of world stocks of 141,000 tonnes in the first half of the year.

The report notes that this year China has re-entered the market in a significant manner and become an important factor in the supply-demand equation.

Whether China will remain such a large buyer remains to be seen, it adds, but this possibility has been reflected in a reduction of net imports from the Eastern bloc when compiling the Western world estimates. These show a rise in world stocks to 3,005,000 tonnes at the end of 1978, compared with 2,976,000 tonnes at the end of 1977.

Stocks are forecast to continue rising to 3,306,000 tonnes by the end of 1979, and to 3,542,000 tonnes by the end of 1980, remaining at above the equivalent of five months' supply.

Norway fish talks fail again

BY FAY GJESTER

OSLO, Nov. 15.

NORWAY AND the EEC have failed in a second attempt to reach agreement on reciprocal fishing rights next year, after two days of talks here this week.

The meeting followed fruitless negotiations in Brussels last week. A third round of talks will be held — again in Brussels — sometime next week.

A Norwegian Fishing Ministry spokesman conceded that little progress was being made, partly because the two sides could not agree on principles for fixing quotas.

The EEC representatives seemed to have been taken aback at Norway's demand for gradually increasing quotas in North Sea waters, starting next year. Norway, on the other hand, is disappointed because it foresaw relatively easy negotiations this year, following preliminary talks early in October between EEC fisheries commissioner Finn Gundelach, and the Norwegian Law of the Sea Minister, Mr. Jens Evensen.

Mr. Gundelach and Mr. Evensen agreed that a new concept should be used in setting catch quotas for the fish population that swims back and forth between zones. This concept, which would define where each species actually "belongs" would have given Norway a larger share of the North Sea catch and reduced the importance of "historic rights" in justifying claims by EEC fishermen.

Apparently, however, Mr. Gundelach did not fully inform Brussels officials about this new principle, and its likely consequences. The result has been that there is deep disagreement between Norway and the EEC on the division of shared species.

To bring the two sides closer together, it has been agreed that a joint working party will try to clarify the new principle.

UK delegation ends visit

By Hilary Barnes

COPENHAGEN, Nov. 15.

A DELEGATION representing British fisheries' organisations completed a three-day visit to Danish fishing ports today. The visit was in return for a visit by Danish fisherman to the UK earlier this year.

In addition to exchanging views on North Sea fisheries' policy, Danish fishermen endeavoured to convince the UK delegation that systems for controlling bi-catches of table fish in the industrial (fishmeal) catch are efficient and that the Danish fishing vessels do not exceed the permitted bi-catch quotas.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Easier in subdued trading on the London Metal Exchange. After moving ahead to £761 on the early pre-market owing to covering against overnight physical demand forward metal eased back to £755.5 on profit-taking, general selling and the downturn in lead. In the afternoon stop-loss selling developed on Comex and the price here fell in sympathy with forward material dropping to £751 prior to a late rally which left the price at £756.5. Turnover 21,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars	£	£	£	£
Cash	738-.5.4	-3.5	731-.5	-5.29
3 months	756-.5	-3	753.5-4	-5.5
Settl'm't	734	-3.5	—	—
Cathodes				
Cash	722-.5	-5	719-21	-4.25
3 months	744-.5	-1.5	741-.5	-4.75
Settl'm't	723	-1.5	—	—
U.S. Prod.	685	.....	*72	.....

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £733.5, 34, three months £757, 57.5, 57, 58.5, 57, 56, 55.5, 56, 56.5. Cathodes, cash £723, three months £743, 44. Kerb: Wirebars, three months £756.5, 57.5. Afternoon: Wirebars, three months £752, [illegible]

WOOL FUTURES

LONDON — The market was dull and featureless, reports Bache.

(Pence per kilo)

PRICE CHANGES

Price in tonnes unless otherwise stated.

INDICES

FINANCIAL TIMES

Nov. 15	Nov. 14	Month ago	Year ago
256.87	259.42	261.70	240.44

(Base: July 1, 1952=100)

REUTERS

Nov. 15	Nov. 14	Month ago	Year ago
1506.8	1509.5	1518.2	1481.6

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Nov. 15	Nov. 14	Month ago	Year ago
Spot	384.11	392.51	386.45	363.37
Futures	390.07	388.28	3[illegible]4.45	318.29

(Average 1924-25-26=100)

MOODY'S

Moody's	Nov. 15	Nov. 14	Month ago	Year ago
Sple Commty	965.7	972.0	977.2	822.3

(December 31, 1931=100)

GRIMSBY FISH—Supply moderate, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.00, codlings £3.40-£4.20, large haddock £4.80-£5.20, medium £4.00-£4.60, small £3.20-£3.80, large plaice £4.60-£5.60, medium £4.20-£5.00, best small £3.80-£4.80; large skinned dogfish £8.50, medium £5.50; large lemon soles £8.00, medium £7.30; rockfish £3.40-£3.60; saithe £3.30-£3.70.

★

HIDES—Leeds. Only limited business at unchanged levels. Second clear Ox 31-35½ kilos 86p per kilo; 26-30½ kilos withdrawn 72p 22-25½ kilos withdrawn 80p. Light cows withdrawn 72p. No calf offered.

MLC—Forecast rates of UK monetary compensatory amounts for week commencing November 20. (Previous week's figures in brackets). Fresh or chilled beef carcases 34.555p per kg (34.55), green bacon sides £230.07 per tonne (230.07).

Covent Garden prices for November 15 are not available.

Australian wool stock rise

MELBOURNE, Nov. 15.

The Australian Wool Corporation reported its stock rose to 912,000 bales at the end of October from about 880,000 in September and 1.3m bales a year earlier.

This is the second successive monthly rise since stocks fell to a 3½ year low of about 850,000 bales in August.

In its October "Monthly Perspective," the Corporation said it purchased about 19 per cent of the October offering at auction and tender, mainly medium and coarser merino fleece and skirtings.

At the latest wool auctions, the Corporation took 23 per cent of the offering at Brisbane and 20 per cent at the Melbourne sale.

Reuter

U.S. Markets

NEW YORK, Nov. 15.

Cocoa—Dec. 179.10 (171.36), March 179.10 (175.35), May 178.75, July 177.90, Sept. 176.70, Dec. 172.70, March unquoted. Sales: 1,051.

Coffee—"C" Contract: Dec. 144.00 (146.64), March 135.53 (139.53), May 132.45 asked, July 130.20 asked, Sept. 128.50 [illegible]

Wool losing ground

MELBOURNE, Nov. 15.

LATEST FIGURES show a continuing substitution of man-made fibres for wool despite the currency-induced improved price competitiveness of wool, the Australian Wool Corporation said here.

In its October Monthly Perspective, the AWC said the major exception was the U.S. where wool consumption had continued to rise despite the higher cost of imported wool due to the dollar's decline.

Equities react sharply to pay policy rejection and Beecham £82½m rights issue—Index falls 11.9 to 475.6

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Oct. 30	Nov. 9	Nov. 10	Nov. 21
Nov. 13	Nov. 23	Nov. 24	Dec. 5
Nov. 27	Dec. 7	Dec. 8	Dec. 19

*"New time" dealings may take place from 9.30 a.m. two business deays earlier.

The announcement at the start of trade yesterday that **Beecham** is raising £82.5m through a rights offer set the seal on an equity sector already poised to open easier on the overnight news that TUC leaders had refused to back the prepared statement on pay and prices. At the 10 am calculation, the FT 30-share index had given up nearly 10 points of Tuesday's advance of 13 points, a rise which had been based partly on hopes about a Government TUC agreement on an anti-inflation package and partly on October's unexpected trade surplus.

Because of the sharp early mark-down, the selling anticipated by dealers failed to materialise. In the selected cases where stock did come on offer it was absorbed by cheap buying and a recovery began to develop which reduced the fall in the index to just over seven points at noon.

Unfounded rumours shortly afterwards that Ford had made a new wage offer to its workers of around 19 per cent provoked renewed uncertainty in the market, which entered another downward phase. Also unsettling the tone late was the possibility that Beecham's fund-raising could trigger similar moves by top names in British industry beginning with Boots, which is due to announce its half-yearly results today.

The index thus closed at the day's lowest with a fall of 11.9 to 475.6 but, apart from the loss of 27p to 263 in Beecham, the constituents closed rarely more than 6 lower. A little more two-way trade than of late was reflected in official markings of 4,936 as against Tuesday's 4,247 and the week-ago 4,093.

Early losses among long-dated British Funds reflected the slightly lower levels established late the previous evening on the TUC news. Renewed selling yesterday, however, was countered by a modest investment demand which eventually restored quotations to their previous closing levels. Trade among the shorts was encouraging despite the general news background and, after a mixed opening, many of the longer-shorts closed unchanged, while the nearer maturities often closed a shade firmer.

Already up to 84 per cent on institutional demand in a thin market, the investment currency premium touched 85¾ with the help of Wall Street influences before closing at 85¼ per cent, a rise of 3¼ on the day. Yesterday's SE conversion factor was 0.7179 (0.7270).

Business in Traded Options remained fairly brisk although the total of 751 contracts completed failed to match Tuesday's 1,230. ICI were again active with 148 deals, while **Boots** were just behind with 146; the latter's interim results are expected today.

Brown Shipley down

After a firm start, the major clearing banks succumbed to the general easier trend and closed with falls ranging to 7. **Lloyds** closed that much lower at 258p, after 268p, as did **NatWest** at 268p, after 278p. Merchant banks were notable for a reaction of 7 to 248p in **Brown Shipley** following the disappointing interim statement, while **Keyser Ullmann** softened a penny to 50p despite a sharp increase in interim earnings.

The surrounding dull conditions prevented **General Accident** benefiting from the better-than-expected third-quarter figures and the close was a net 2 lower at 202p, after 200p. Elsewhere in Insurances, **Royals** relinquished 5 to 348p in front of today's third-quarter results, while **Phoenix**, 216p, and **Sun Alliance**, 492p, lost 8 apiece.

An attempted rally in the Brewery leaders from lower opening levels proved abortive. **Guinness** gave up 4 to 150p and **Allied** 2½ to 84p, while **Whitbread "A"** eased 2 to 100½p. Among Distilleries, **Arthur Bell** were quoted at 244p at the start of business, but buyers took the price up to a close of 250p, unaltered on balance.

Despite a modest mid-session rally, leading Building descriptions succumbed to a further bout of small selling in late dealings and generally closed at the day's lowest. **Richard Costain** finished 9 cheaper at 236p and **Taylor Woodrow** 7 down at 409p. **Blue Circle**, 256p, gave up most of the previous day's rise of 6. In slightly firmer Timbers, **Montague L. Meyer** added a penny to 80p on the £1m acquisition of Bootle and Norman. Further depressed by the increased annual loss and discrepancies in the accounts, **J.C.E.G.** lost 2½ for a two-day fall of 4½ to a low for the year of 14½p.

Down to 370p at the outset, ICI rallied to 372p before late offerings left the close a net 7 down at 368p. In a sensitive market, **Fisons** fell 13 to a 1978 low of 311p.

Store leaders surrendered a large percentage of the previous day's gains following a reasonable two-way business. **F. W. Woolworth** cheapened 3 to 67½p in reaction to the disappointing third-quarter profits, while **W. H. Smith A** declined 5 to 144p after comment on the interim results. **Gussies A** fell 6 to 302p and **Burton A** 5 to 165p, while **Marks and Spencer** at 84p, lost 4 of Tuesday's rise of 5. Elsewhere, mail-order concern **Freemans** dipped 10 to 335p, but renewed support in a thin market prompted a rise of 5 to 169p in **Lee Cooper**. **Stylo** came in for support among Shoes and closed 4 higher at 67p.

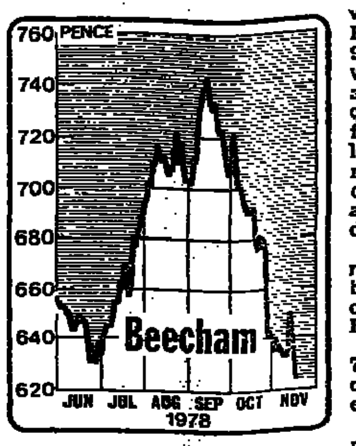
The Electrical leaders took a distinct turn for the worse. Most of the day's reaction, however, reflected a mark down at the start of business. **GEC** at 315p, gave up Tuesday's rise of 7, while **EMI**, 150p, and **Plessey**, 106p, eased 3 and 4 respectively. Interim results which failed to match market expectations left **Chloride** 5 cheaper at 111p. Among Electronics, **Farnell** reacted 6 to 367p, but **Electrocomponents** ended a few pence dearer at 285p after touching 280p.

The majority of the Engineering leaders opened 3 or 4 pence easier, but held up reasonably well until the latter part of trading when scattered offerings left final quotation at the lowest of the day. **John Brown** new shares were particularly dull and finished 14 cheaper at 50p premium, while the Old ended 12 off at 398p. **Hawker Siddeley** gave up 10 to 228p and falls of 6 and 4 respectively were marked against **GKN**, 262p, and **Tubes**, 372p. Elsewhere, **Davy Corporation** lost 7 to 144p; it was announced yesterday that 95 per cent of McKee Corporation shareholders had accepted Davy's cash bid and that Davy are now estimating a decision on the offer from the U.S. anti-trust division of the Justice Department. By way of contrast, **Edbro** rallied 8 to 225p, after recent dullness, while **Hill and Smith** put on 4 to 68p and **ML Holdings** 5 to 170p.

Foods staged a small rally from depressed opening levels, but turned lower again in the late dealings. A good market since the annual results, **J. Sainsbury** shed 7 to 230p, while **Tesco**, buoyed lately by merger suggestions, lost 2 to 54½p. **Robertson**, at 144½p, gave back 3 of Tuesday's Press-inspired gain of 10½. News that the bread pay-talks had broken down left **AB Foods** 2 cheaper at 70p and **RHM** 1½ off at 51½p. Elsewhere, **Joseph Stocks** fell 7 to a low for the year of 138p, but a revival of takeover rumours lifted **Cullens Stores** issues, the ordinary added 3 for a two-day gain of 13 at 138p, and the "A" a like amount for a two-day rise of 11 at 136p.

Beecham lower

The TUC's rebuff of the Government's statement on pay and prices and a surprise £82½m fund-raising call from **Beecham** prompted a sharp reversal in the miscellaneous Industrial leaders which resulted in nearly all of Tuesday's good gains being erased. **Beecham opened** sharply lower at 630p following the rights news which accompanied the interim results and fell away further to close 27 down on balance at 623p. Vague rumours that **Boots** might also announce a rights issue today with the first-half results left the shares only 4 off at 198p, while **Metal Box**, ahead of next Tuesday's mid-term staetment, finished 6 lower at 306p. **Unilever** eased a similar amount to 542p and **Glaxo** dipped 5 to 532p. Elsewhere, **Sothebys** gained 8 to 331p as buying interest continued ahead of the forthcoming preliminary results; they were published on December 21 last year. **Avon Rubber** added 3 at 175p and **Chas. Hill** of Bristol gained 5 at 82p. **De La Rue** at 381p, lost 12 of the previous day's rise of 13.



Motor sectors tended lower in thin trading. **Dowty** were resistent following favourable Press mention, easing only a penny to 264p. **Lucas** gave up 4 to 300p. Elsewhere, **Rolls-Royce**, 103p, and **ERF**, 118p, showed similar losses while in Distributors, **Harold Perry** fell 5 to 108p. **Godfrey Davis** held steady at 94½p ahead of today's interim statement.

In quietly dull Newspapers, the higher interim profits from East **Midland Allied Press** were deemed disappointing and the A shares fell 5 to 57p. Elsewhere, news of buoyant greetings card sales left **Wilson Brothers** 1½ harder at 28½p, while weekend Press comment continued to benefit **Saatchi and Saatchi** which added 5 for a three-day rise of 17 to 112p.

Properties found a few buyers at the sharply lower opening levels and staged a modest rally, but the appearance of sellers in late dealings left quotation with falls to 6. Despite favourable comment on Tuesday's interim statement, **Land Securities** finished that much down at 227p, while an investment recommendation failed to support British Land which shed 2½ to 39p. **MEPC** lost 5 at 137p and **Stock Conversion** 4 at 268p. **Haslemere**, 236p, gave back 6 of the previous day's rise of 16, while **Bernard Sunley** and **Great Portland Estates** lost 4 at 250p and 218p respectively. Initially steady at 82p following the annual results, **Peachey** eased 2 to 80p in late dealings, but **Capital and Counties** edged ½ higher to 58½p: the latters' interim results are due next Thursday. Elsewhere, **Intereuropean** added a penny for a two-day rise of 4 to 39p.

Oils turn dull

Recent buying interest in the Oil sector faded. After opening lower at 904p and fluctuating within fairly narrow limits **British Petroleum** eventually settled at 906p for a loss of 10 on the day, while **Shell** ended the same down at 577p in front of today's third quarter figures. Secondary issues followed in the wake of the leaders, but **Oil Exploration** moved against the trend in closing 4 to the good at 226p, after 232p, on revived speculative demand.

Trusts ended on an irregular note, the majority of movements being limited to a few pence. Still on the assets revaluation, **Rothschild** firmed 2 further to 198.

Apart from **Common Bros**, up 7 at 163p on revived speculative demand, Shippings were quietly easier.

Trusts ended on an irregular note, the majority of movements being limited to a few pence. Still on the assets revaluation, **Rothschild** firmed 2 further to 198p.

Apart from **Common Bros**, up 7 at 163p on revived speculative demand, Shippings were quietly easier.

After reporting a 60 per cent rise in first-half pre-tax profits, **Sekers International** improved 3 to 35p. **David Dixon** put on 2 to 112p following the announcement of better interim results and a record order book. Further speculative demand left **Allied Textile** 6 to the good at 142p. **John Foster**, on the other hand, lost Tuesday's rise of 2 to close at 41p, following comment on the profits forecast and proposed rights issue. **Leeds and District Dyers** encountered small selling and shed 4 to 64p.

Tobaccos were dull, **Bats**, 270p, and the **Deferred**, 235p, both easing 5, with **Imps**, at 82p, losing 2 of the previous day's rise of 3.

Golds weak

Already weakened by an initial decline in the bullion price, South African Gold shares came under sustained selling pressure in the afternon. This followed a further setback in the metal price in front of the outcome of yesterday's U.S. Treasury gold auction at which 750,000 ounces were on offer—more than double the amount offered at previous sales.

The bullion price was finally $6.50 down at $203.875 per ounce, its lowest closing level since August 25.

General lack of interest and small scattered selling were responsible for the early decline in the market but the losses in the afternoon and after-hours trade resulted from American selling.

The Gold Mines index fell 4.2 to 133.6, while the ex-premium index gave up 4.3 to 95.9.

Among the heavyweights; **Wesetrn Holdings** were particularly weak and fell £1⅜ to £14, while cheaper-priced stocks showed **Venterspost** 16 lower at 152p and **Elsburg** 3 easier at a 1978 low of 78p.

Charter Consolidated were a feature in Financials; the shares hardened to 141p immediately following the half-yearly results but dealers had second thoughts on closer scrutiny of the figures and unchanged interim. Consequently, the price fell away to close 8 cheaper on balance at 132p.

With overnight **Sydney** and **Melbourne** markets showing no signs of a recovery, Australians registered further losses despite the higher premium.

Diamond exploration issues attracted London selling with **Northern Mining** 5 off at 72p, **Ashton Mining** 2 easier at 64p and **North West Mining** a like amount cheaper at 18p. **Jones Mining** dropped 2 to 20p.

FINANCIAL TIMES STOCK INDICES

—	Nov. 15	Nov. 14	Nov. 13	Nov. 10	Nov. 9	Nov. 8	A year ago
Government Secs.	68.28	68.28	67.98	67.92	68.06	68.63	77.66
Fixed Interest	69.52	69.41	69.30	69.56	69.30	70.05	79.42
Industrial	475.6	487.5	474.5	473.2	471.7	474.4	484.3
Gold Mines	133.6	137.8	138.1	136.3	135.7	139.1	134.4
Gold Mines (Ex-$ pm.)	95.9	100.2	98.7	99.1	99.3	103.5	97.1
Ord. Div. Yield	5.72	5.59	5.71	5.76	5.76	5.74	5.54
Earnings, Y'ld% (full)	15.99	15.64	15.97	16.07	16.12	16.05	16.66
P/E Ratio (net) (*)	8.11	8.50	8.13	8.07	8.05	8.08	8.53
Dealings marked	4,936	4,247	4,573	4,326	4,107	4,093	4,272
Equity turnover £m	—	72.10	55.78	76.43	57.85	67.19	64.93
Equity bargains total	—	14,213	13,573	14,819	12,940	12,695	15,424

10 am 477.5. 11 am 480.0. Noon 480.4. 1 pm 478.8. 2 pm 478.2. 3 pm 477.4.

Latest Index 01-246 8026.

*Nil=7.91.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. Ex-$ pm Index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (3/1)	67.92 (10/11)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27	[illegible]	[illegible]	[illegible]
Ind. Ord.	535.5	[illegible]	[illegible]	[illegible]
Gold Mines	206.6	[illegible]	[illegible]	[illegible]
Gold Mines (Ex-$ pm.)	132.3	[illegible]	[illegible]	[illegible]

S.E. ACTIVITY

—	Nov. 15	Nov. 14
Daily Gilt-Edged	187.3	169.0
Industrials	164.5	147.8
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Average Gilt-Edged	[illegible]	[illegible]
Industrials	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	850	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	907p
BP	900	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
BP	950	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Com. Union	160	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	141p
Com. Union	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Courtaulds	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	116p
Courtaulds	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	316p
GEC	280	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
GEC	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Grand Met.	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	105p
Grand Met.	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	330	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	368p
ICI	360	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	390	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
ICI	420	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	227p
Land Secs.	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Land Secs.	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Marks & Sp.	90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	84p
Shell	550	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	577p
Shell	600	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

Option	Ex'rcise price	November Closing offer	November Vol.	February Closing offer	February Vol.	May Closing offer	May Vol.	Equity close
BOC Intl.	70	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	69p
BOC Intl.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	198p
Boots	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	220	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Boots	260	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
EMI	140	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	150p
Imperial Gp.	80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	82p
RTZ	240	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
Totals		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (7)

BUILDINGS (1)
Allied Plant

CHEMICALS (1)
Wardle (B.)

FOODS (1)
Edwards (L. C.)

INDUSTRIALS (2)
Sandhurst Mrktng. Sotheby PB

LEISURE (1)
Grampian A

TEXTILES (1)
Radley Fashion

NEW LOWS (13)

BUILDINGS (3)
Crouch Group Jarvis (J.) JCEG

CHEMICALS (1)
Fisons

ENGINEERING (1)
Braithwaite

FOODS (2)
Bassett (G.) Stocks (J.)

INDUSTRIALS (1)
Crosby House

MOTORS (1)
Dunlop

TEXTILES (1)
Rivington Reed

TRUSTS (1)
Jersey General

MINES (2)
Elsburg Loraine

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	8	3	45
Corpns., Dom. and Foreign Bonds	11	5	45
Industrials	253	396	880
Financial and Prop.	78	147	293
Oils	5	34	18
Plantations	4	20	17
Mines	6	64	72
Recent Issues	3	7	10
Totals	364	646	1,390

Charter Consolidated Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR HALF-YEAR TO 30 SEPTEMBER 1978 (UNAUDITED)

	Half-year to 30.9.78 £000	Half-year to 30.9.77 £000	Year to 31.3.78 £000
Income from investments			
Associated companies	437	797	4,164
Other investments	9,708	10,960	16,890
	10,145	11,757	21,054
Surplus on realizations of investments	9,170	2,657	5,790
Trading profit	10,263	9,473	18,065
	29,578	23,887	44,909
Deduct:			
Administration and technical expenditure	1,921	1,914	3,472
Prospecting expenditure	430	360	961
Interest payable less receivable	1,968	1,633	4,082
	4,319	3,907	8,515
	25,259	19,980	36,394
Retained profits less losses of associated companies	1,575	3,633	6,693
Profit before taxation	26,834	23,613	43,087
Taxation			
Group companies	8,987	6,653	9,980
Associated companies	1,755	1,768	4,407
	10,742	8,421	14,387
Profit after taxation	16,092	15,192	28,700
Deduct:			
Minority interests	1,632	2,035	3,265
Attributable to Charter	14,460	13,157	25,435
Earnings per share	13.79p	12.55p	24.26p
Interim dividend of 3.025p per share (previous year's interim—3.025p)	3,172	3,171	

NOTES:

1. The surplus on realisations of investments includes profits on exceptional disposals.
2. The fall in the share of the profits of associated companies is due primarily to the incorporation of the trading results of Cleveland Potash from 1 April 1978. Associated companies' results are consolidated in Charter's annual accounts on the basis of their audited figures to the previous 31 December. An amount of £1.9 million representing Charter's share of Cleveland's loss for the three months to 30 June 1978 has been included in Charter's profit and loss account for the current half-year.
3. The results of overseas subsidiary and associated companies have been converted into sterling at the rates ruling at the end of their relevant accounting periods. Other exchange differences arising from the fluctuation of currencies are treated as extraordinary items which are dealt with in the end-of-year accounts.
4. The taxation charge for the half-year to 30 September 1977 has been restated to reflect the change in the basis of accounting for deferred taxation adopted in the annual accounts at 31 March 1978.

INTERIM DIVIDEND

The directors have declared an interim dividend of 3.025p per share payable on or about 3 January 1979 to shareholders registered at the close of business on 8 December 1978 and to persons presenting coupon no. 27 detached from share warrants to bearer. The dividend will carry a tax credit of 1.48993p per share.

by order of the board

D. S. BOOTH

Secretary

15 November 1978

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov. 21	Dec. 4	Feb. 22	Mar. 6
Dec. 5	Dec. 18	Mar. 8	Mar. 20
Dec. 19	Jan. 8	Mar. 22	Apr. 3

For rate indications see end of Share Information Service

Stocks favoured for the call were Burton Warrants, Premier Consolidated Oil, Ladbroke Warrants, Swan Hunter, Marks and Spencer, Oil Exploratien, Barker and Dobson, Northern Engineering, Edgar Allen Balfour and Intereuropean Property. Puts arranged included MEPC and Cullens Stores A, while double options were completed in Burton Warrants, Wheelock Marden A, Swire Pacific, Mersey Docks, Hongkong Land, Hutchison Whampoa and Town and City.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	15	906	−10	926	720
BATs Defd.	25p	11	235	−5	304	227
ICI	£1	11	368	−7	421	328
Grand Met.	50p	10	105	−1½	121	87
Beecham	25p	9	623	−27	743	583
GEC	25p	9	315	−7	340	233
Shell Transport	25p	9	577	−10	602	484
Barclays Bank	£1	8	348	−4	368	296
Marks & Spencer	25p	8	84	−4	94	67½
Allied Breweries	25p	7	84	−2½	94	78
Blue Circle	£1	7	256	−4	303	220
Brown (J.) "New"	Nil/pd.	7	50pm	−14	64pm	50pm
Ladbroke	10p	7	161	−1	215	155
Racal Electronics	25p	7	317	−7	362	196
P & O Defd.	£1	6	79½	−2½	118	79

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
42½	F.P.	24/11	[illegible]	[illegible]	Ancoife Hldgs.	45	[illegible]	u2.55	2.4	8.6	6.9
A$0.60	F.P.	[illegible]	[illegible]	[illegible]	Ashton Mining $0.50	64	−2				
101	F.P.	24/11	[illegible]	[illegible]	Fermark Hldgs.	360	[illegible]	b5.75	11.5	2.4	9.6
¶¶	F.P.	[illegible]	[illegible]	[illegible]	Manor Nat.Grp. Motr.	28½	+1	b2.14	1.5	10.8	10.2
¶¶	F.P.	[illegible]	[illegible]	[illegible]	Nightwise	110				4.6	

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
£99¾	F.P.	[illegible]	[illegible]	[illegible]	Anglesey Variable 1980	99⅛	[illegible]
¶	F.P.	[illegible]	[illegible]	[illegible]	Bristol Waterworks 7% Prf. 1983	[illegible]	[illegible]
£100	nil	16/11	[illegible]	[illegible]	Crosby House 10% Conv. '87-90	1pm	[illegible]
¶	F.P.	[illegible]	[illegible]	[illegible]	Harrison & Crosfield ...	[illegible]	[illegible]
£97½	£10	26/1	[illegible]	[illegible]	Hammersworth & Cwbridge Water 7% '83	[illegible]	[illegible]
¶¶	F.P.	[illegible]	[illegible]	[illegible]	Rightside 10% Cnv. Uns. 1983	[illegible]	[illegible]
£99½	F.P.	[illegible]	[illegible]	[illegible]	Southwark Corp. 12¼% Red. 1987	[illegible]	[illegible]
£97½	£10	26/1	[illegible]	[illegible]	West Kent Water 7% Prf. 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
30p	F.P.	11/12	[illegible]	[illegible]	Astbury & Madeley	68	−1
55	F.P.	30/12	[illegible]	[illegible]	Blackwood Hodge	57	−1
350	Nil	[illegible]	[illegible]	[illegible]	Brown (J.)	50pm	−14
67	Nil	29/11	[illegible]	[illegible]	Capper-Neill	5pm	[illegible]
12	Nil	[illegible]	[illegible]	[illegible]	Orange Wares	13½	[illegible]
88	F.P.	18/10	[illegible]	[illegible]	Peter Brotherhood	21	[illegible]
155	F.P.	[illegible]	[illegible]	[illegible]	Time Products	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. u Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 30, 1977, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Engineering Contractors	+23.57	Building Materials	+2.58
Electricals	+18.92	Food Manufacturing	+2.35
Mining Finance	+18.55	Packaging and Paper	+2.22
Mechanical Engineering	+12.87	Metal and Metal Forming	+2.18
Wines and Spirits	+11.98	Other Groups	+1.94
Capital Goods Group	+11.29	Tobaccos	+1.48
Overseas Traders	+10.14	Entertainment and Catering	+0.03
Oils	+8.66	Breweries	−0.82
Contracting and Construction	+8.39	Banks	−2.47
Chemicals	+8.12	Investment Trusts	−3.11
Electronics, Radio and TV	+7.85	Insurance Brokers	−3.53
Newspapers and Publishing	+7.30	Pharmaceutical Products	−4.31
500 Share Index	+5.32	Financial Group	−5.17
Consumer Goods (Durable) Group	+4.77	Toys and Games	−5.56
Industrial Group	+4.71	Household Goods	−7.02
Food Retailing	+4.49	Insurance (Life)	−7.12
Property	+3.81	Merchant Banks	−7.26
Gold Mines F.T.	+3.45	Discount Houses	−9.75
All-Share Index	+3.41	Insurance (Composite)	−12.20
Textiles	+3.35	Shipping	−14.15
Motors and Distributors	+2.81	Hire Purchase	−16.95
Consumer Goods (Non-durable) Group	+2.73		
Office Equipment	+2.72		
Stores	+2.61		

† Percentage changes based on Tuesday, November 14, 1978, indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Nov. 15, 1978: Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues., Nov. 14: Index No.	Mon., Nov. 13: Index No.	Fri., Nov. 10: Index No.	Thurs., Nov. 9: Index No.	Year ago (approx.): Index No.
1	CAPITAL GOODS (171)	229.38	−1.4	17.01	5.52	8.07	232.54	227.96	226.59	226.15	223.72
2	Building Materials (27)	195.69	−1.4	18.07	5.73	7.62	198.56	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	365.32	−0.9	20.32	4.44	7.07	368.75	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (14)	532.04	−2.4	13.65	3.49	10.12	544.91	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contractors (14)	363.51	−1.2	17.73	6.12	7.65	367.92	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (72)	179.80	−1.4	18.47	6.20	7.25	181.63	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (16)	161.98	−1.4	16.78	8.82	8.28	164.21	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (DURABLE) (53)	201.67	−0.6	17.44	5.31	7.69	202.83	[illegible]	[illegible]	[illegible]	[illegible]
11	Lt. Electronics, Radio, TV (16)	248.57	−0.7	14.60	4.12	9.60	250.24	[illegible]	[illegible]	[illegible]	[illegible]
12	Household Goods (12)	170.72	−0.5	17.83	6.66	7.72	171.69	[illegible]	[illegible]	[illegible]	[illegible]
13	Motors and Distributors (25)	119.99	−0.7	22.17	7.02	5.75	120.80	[illegible]	[illegible]	[illegible]	[illegible]
	CONSUMER GOODS (NON-DURABLE) (172)	205.51	−1.9	16.15	6.06	8.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	226.16	−1.9	15.00	6.30	9.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	276.85	−1.7	15.28	5.16	9.77	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (17)	255.09	−2.4	14.33	6.90	10.18	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (19)	200.56	−1.5	18.79	5.41	7.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (15)	220.74	−1.4	13.63	5.34	10.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (12)	370.64	−0.3	21.32	6.53	6.63	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (15)	132.12	−0.5	19.50	7.54	6.76	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (40)	193.60	−2.7	11.77	4.80	12.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (25)	175.69	−2.6	18.59	8.33	6.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	225.87	−1.9	24.37	8.30	4.86	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	94.74	−0.5	23.93	6.82	4.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (99)	191.96	−1.4	16.13	6.23	7.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (19)	277.97	−1.7	17.66	6.80	7.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products (7)	244.42	−2.4	11.56	4.24	10.53	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	126.50	−0.5	19.21	6.03	6.21	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	400.63	−0.4	19.69	7.54	5.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (57)	209.98	−1.8	18.00	6.70	7.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (495)	215.21	−1.5	16.45	5.91	8.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (5)	511.88	−1.4	13.65	3.93	7.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	239.75	−1.5	16.02	5.60	8.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	161.55	−1.2	—	6.04	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	188.29	−1.5	24.79	6.23	6.05	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	202.78	−1.0	—	8.07	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	137.18	−0.5	17.76	6.01	7.43	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (10)	124.82	−0.3	—	7.37	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	115.30	−1.1	—	7.10	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers (10)	321.58	−1.5	14.86	5.15	9.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (14)	76.29	−0.3	—	6.41	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (31)	249.78	−1.7	3.69	3.02	45.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous (7)	104.71	−0.4	24.16	8.03	5.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (50)	201.33	—	—	5.29	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (4)	102.95	−1.9	18.26	6.92	6.75	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (19)	309.99	—	15.96	7.47	7.65	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (673)	218.80	−1.4	—	5.67	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Nov. 15	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	102.86	+0.07	—	8.19
2	5-15 years	111.96	−0.02	—	8.32
3	Over 15 years	116.25	−0.11	—	12.56
4	Irredeemables	120.39	—	—	13.32
5	All stocks	109.73	−0.01	—	9.91

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.		Wed., Nov. 15	Tues., Nov. 14	Year ago (approx.)
1	Low Coupons	5 years	9.60	9.59	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		12.11	[illegible]	[illegible]

		Wed., Nov. 15 Index No.	Yield %	Tues., Nov. 14	Mon., Nov. 13	Friday Nov. 10	Thurs., Nov. 9	Wed., Nov. 8	Tues., Nov. 7	Mon., Nov. 6	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	65.10	13.46	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.54	13.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	71.52	15.08	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE AND PROPERTY BONDS

Abbey Unit Tst. Mngrs. Ltd. (a)

Allied Hambro Group (a)(g)

Framlington Unit Mgt. Ltd. (a)

Minster Fund Managers Ltd.

MLA Unit Trust Mgemnt. Ltd.

Murray Johnstone U.T. Mgmt. (a)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Save & Prosper continued

Scotbits Securities Ltd.

Schlesinger Trust Mngrs. Ltd.

Target Tst. Mgrs. (Scotland) (a)(b)

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co.

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Arbuthnot Securities (C.I.) Limited

Keyser Ullmann Ltd.

King & Shaxson Mgrs.

James Finlay Unit Trust Magt. Ltd.

10-14, West Nile Street, Glasgow, 041 204 1321

J. Finlay Internat'l.	21.2	22.8	+0.2	2.72
Accum. Units	25.1	27.0	+0.7	2.72
J. Finlay Income	34.5	37.0	+0.2	8.65
J. Finlay Euro Fin.	27.2	29.2	+1.0	2.60
Accum. Units	32.2	34.6	+1.8	2.60
J. Finlay Fd. In. Tst.	28.2	30.3	+0.2	4.45
Accum. Units	32.4	34.8		4.45

Prices Nov. 15. Next dealing Nov. 22.

CORAL INDEX: Close 472-477

INSURANCE BASE RATES

†Property Growth 10¼%

†Vanbrugh Guaranteed 10.87%

†Address shown under Insurance and Property Bond Table.

International Pacific Inv. Mngt. Ltd.

PO Box R237, 56, Pitt St., Sydney, Aust.

Javelin Equity Tst. | $A2.32 | 2.42 | ...... | —

J.E.T. Managers (Jersey) Ltd.

PO Box 98 Channel House, Jersey. 0534 73673

Jersey Extrnl. Tst. | 171.0 | 181.0 | ... | —

As at Oct. 31. Next sub. day Nov. 30.

Jardine Fleming & Co. Ltd.

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	HK$378.56		....	1.90
Jardine J'pn. Fd.*	HK$432.81		....	0.80
Jardine S.E.A.	SUS20.89		....	1.70
Jardine Flem. Int.	HK$12.42		....	—
Intl. Pac. Secs. (Inc.)	HK$15.80		....	—
Do. (Accum.)	HK$15.96		....	—

NAV Oct. 31. *Equivalent $US91.55. Next sub. Nov. 15.

S. G. Warburg & Co. Ltd.

30, Gresham Street, EC2 01-600 4555

Cnv. Bd. Nov. 14	SUS9.22		-0.02	—
Engy. Int. Nov. 14	SUS16.58		-0.17	—
Gr. St. $Fd. Oct. 31	SUS7.10		.....	—
Merc. Ebd. Nov. 8	SUS10.24	10.56	.....	0.1738
Merc. Mny. Mkt. Nov. 6	£10.10	10.11	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.

1 Charing Cross, St. Helier, Jsy. CI 0534 73741

CMF Ltd. Oct. 26	SUS14.57	14.96	.....	—
CMT Ltd. Oct. 26	£14.62	15.00	.....	—
Metals Tst. Oct. 19	£12.99	13.22	.....	—
TMT Nov. 9	SUS9.96	10.21	.....	—
TMT Ltd. Nov. 9	£9.87	10.13	.....	—

World Wide Growth Management

10a Boulevard Royal, Luxembourg.

Worldwide Gth Fd | SUS14.76 | -0.04 | —

NOTES

Prices do not include $ premium, except where indicated $, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
24	17	Antofagasta Rly	22½	.....	—	—
41	35	Do. 5pc Pref	38xd	.....	1½p	—
98	98	Chilean Mixed	98	.....	—	13 10
415	350	German Yng 4½pc	411	.....	4½	—
54	46	Greek 7pc Ass	50	.....	3½	17.20
51	46	Do 6pc 28 Stab Ass	49	.....	6	16 24
44	40	Do 4pc Mixed Ass	40	.....	4	15.13

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 39¼% (based on US$1.9680 per £) Conversion factor 0.7179 (0.7270)

CANADIANS

1978 High	Low	Stock	Price £	+ or −	Div. Gross	Cvr	Y'ld Gr's
16¾	10½	Bk. Montreal $2	14xr	.	$1 12	—	3 7
16⅝	10⅞	Bk. Nova Scot	12⅞	−⅛	$1.04	—	3 9
42⅞	30¼	Bell Canada $25	36½	−⅜	$4.2	—	5 4
15⅞	600p	Bow Valley II	10½	−½	h5c	—	0 2
10⅝	825p	Brascan II	925p	+9	$1 0	—	5 0
21⅞	14	Can Imp. Bk. $2	16⅞	−⅛	$1.48	—	4 0
16⅝	955p	Can Pacific $5	13½	.....	97c	—	3 4
37½	30½	Do. 4pc Deb £100	30⅝xr	+⅛	4%	—	13.1
23⅝	16⅞	Gulf Oil Can. II	19⅛	+⅛	$1.14	—	2.8
630p	315p	Hawker Sid. Can II	438p	−24	40c	—	4 3
31⅝	20⅞	Hollinger $5	24⅞	+⅛	sQ$2.06	—	3.9
16¾	11¼	Hudson's Bay II	12⅞	+⅛	69c	—	2.6
33¼	22½	Hud. B Oil G. $2½	26	−⅛	$1.60	—	2 9
15⅞	11⅛	Imperial Oil II	13⅜	+¼	90c	—	3.1
15½	945p	Inco	10¾	+⅛	40c	—	1 7
830p	585p	Int. Nat. Gas $1	640p	+2	80c	—	5.9
10⅝	610p	Massey Ferg. II	640p	+2	—	—	—
32¾	20¾	Pacific Pet. $1	32⅜	−⅛	$1 14	—	1.6
134p	50p	Place Gas $1	103p	−6	—	—	—
25¼	15	Rio Algom	20¼	−¼	$1.50	—	2 5
24⅞	14⅞	Royal Bk. Can. $2	20⅛xr	−¾	$1.80	—	4.1
20⅞	13½	Seagram Co. C$1	17⅞	+⅛	$1 12	—	0.0
14⅞	955p	Tor. Dom. Bk. $1	12⅛	−¼	96c	—	3.6
12½	880p	Trans Can. Pipe	10⅛	−⅛	103c	—	4.8

S.E. List Premium 39¼% (based on $2.3156 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
348	184	ANZ $A1	275	−2	tQ18c	3 1	3 7	7.1
293	210	Alexanders D. £1	240	.....	14.55	—	9.0	—
£136½	£90½	Algemene Fl 100	£127¼	−¼	tQ23%	2 5	4.6	9.0
334	269	Allen Harvey £1	315		th19.49	—	9.2	—
230	150	Allied Irish	204xc	.....	118.0	—	5.9	—
174	140	Arbuthnot L. £1	145		10.23	—	10.8	—
£22⅝	£13¼	Bank Amer. $1.565	£17	+½	Q94c	—	3 1	.
465	315	Bk. Ireland £1	410xc	+7	t15 23	—	5 5	—
£202	£137	Do. 10pc Conv.	£181	+1	Q10%	—	f5.6	—
17½	11½	Bk. Leumi I£1	14	.....	Q16%	—	3.4	—
170	150	Bk. Leumi (UK) £1	170		7 47	1.5	6 6	15 2
702	380	Bk. N.S.W. $A2	530	−5	Q32c	ϕ	3 5	ϕ
315	255	Bank Scotland £1	280	.....	t11.05	3.6	5.9	7.2
£32⅛	£21⅞	Bankers N.Y. $10	£23½	−⅛	Q$3.00	—	6.5	—
368	296	Barclays £1	348	−4	t13.28	5 7	5.7	5 4
268	200	Brown Shipley £1	248	−7	t9.41	—	5.8	—
285	232	Cater Ryder £1	250xd	.....	th17.17	—	10 2	—
84	67	Clive Dis'nt 20p	73	.....	t4 85	—	9.9	..
255	171	Com'l Aus. ($A1)	190	−3	Q16c	2 9	5.2	6 7
£19	£12¾	Com'zbk DM104	£17	.....	Q26%	—	4.0	—
£20	£15	Chgn. Hbk Kr100	£16½	.....	Q12%	—	7.0	—
32	18	Corinthian 10p	27	−1	t0.71	7 3	3.9	4 7
£24	£13¼	Cred. France F75	£21⅛	.....	Q9.87%	—	3 0	—
46	7	Dawes (G. R.)	15	.....	—	—	—	—
£121¼	£89	Deutsche Bank DM50	£113¾	.....	Q18%	—	2 0	—
83½	58	F.C. Finance	70	.....	t2.03	2 6	4.3	13.4
8¼	1¾	First Nat. 10p	5	.....	—	—	—	—
2	¼	Do. Wrrts. 75-83	1¾	.....	—	—	—	—
13	9½	Fraser Ans. 10p	11¾	−¼	—	—	—	—
196	157	Gerrard Natnl.	178	.....	g9.12	—	7.6	—
59	37	Gibbs (A.)	44	.....	2 23	—	7.6	—
255	195	Gillett Bros. £1	212	.....	15.41	—	10.8	—
29	19	Goode D't Mry 5p	20	.....	0 13	—	0.9	—
142	96	Grindlays	120	+1	2.79	7 1	3 5	4 3
130	93	Guinness Peat	111	.....	h5.15	—	6.9	—
217	155	Hambros	165	.....	9.76	—	8 8	—
100	81	Hill Samuel	83xd	+1	t4.97	—	9 0	—
600	200	Do. Warrants	200	.....	—	—	—	—
360	203	Hong Shng. $2.50	260	−3	hQ59c	—	2 7	—
69	52	Jessel Toynbee	59	.....	th3 32	—	8 4	—
215	160	Joseph (Leo) £1	160	.....	8.74	—	8 2	—
55	37	Keyser Ullmann	50	−1	0.67	—	2.0	—
74	56	King & Shax 20p	60	.....	3.44	—	8 7	—
114	88	Kleinwort B.L.	89	.....	t4.18	—	7.0	—
297	242	Lloyds £1	258	−7	t9.23	4.8	5.3	5.8

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

FINANCIAL TIMES

BRACKEN HOUSE. 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo. London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester. Tel: 246 8026
INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel. 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel. 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel. 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel. 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 200 2748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel. 236 57 43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel. 253 4848
Rome: Via della Mercede 55. Telex 610032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212930 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440340 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

مكتبات الأصيل

INDUSTRIALS—Continued

[illegible]

INSURANCE—Continued

[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

INSURANCE

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

[illegible]

MISCELLANEOUS

[illegible]

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

$15¼	$10¼	Buffels R1	£11⅛	−⅞	Q170c	1.8	17.6
$11¾	850c	Free Dute R1	565c	−41	Q75c	1.7	10.4
585c	330c	East Rand Prp. R1	395c	−15	—	—	—
$28⅜	$16⅝	F.S. Geduld 50c	$17½	−⅞	Q315c	ϕ	20.7
$15½	975c	Pres. Brand 50c	£10¼	−½	Q150c	ϕ	16.1
$13⅝	900c	St. Helena R1	975c	−35	Q190c	ϕ	22.5
465c	313c	Stilfontein 50c	396	−9	tQ22c	2.3	6.4
$17⅞	$16⅛	Vaal Reefs 50c	$17⅞	−½	Q115c	3.3	7.4
$37	$25	West Drie R1	$28½	−1½	Q385c	1.7	15.6
$31¼	$19¼	West Hldgs 50c	$19⅞	−2	Q415c	ϕ	24.1
$12½	895c	Western Deep R2	$10⅛	−⅜	Q82.5c	2.4	9.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ✱ Not comparable.
- ◆ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✧ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: ₫ ex dividend; ₢ ex scrip issue; ₢ ex rights; ₫ ex all; ₫ ex capital distribution.

"Recent Issues" and "Rights" Page 40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	.....	Sheff. Refrshmt.	66	.....
Ash Spinning	61xd	−1	Sindall (Wm.)	114	.....
Bertam	15	.....			
Bdg'wtr Est. 50p	323	.....	**IRISH**		
Clover Croft	28	.....			
Craig & Rose £1	605	.....	Conv. 9% '80/82	£89¼	¼
Dyson (R. A.) A	37	.....	Alliance Gas	95	.....
Ellis & McHdy	66xr	.....	Arnott	350	+10
Evered	25	.....	Carroll (P.J.)	95	.....
Fife Forge	52	.....	Clondalkin	87	−1
Finlay Pkg. 5p	21	.....	Concrete Prods.	130	.....
Graig Ship £1	140	.....	Heiton (Hldgs.)	49	.....
Higsons Brew	75	.....	Ins. Corp.	160	.....
Holt (Jos) 25p	252	.....	Irish Ropes	110	+5
I.O.M. Stm. £1	178	.....	Jacob	55	.....
N'thn. Goldsmith	65	+1	T.M.G.	175	.....
Pearce (C. H.)	190xd	.....	Unidare	88	.....
Peel Mills	21				
Sheffield Brick	48				

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17		
Beecham	35	Legal & Gen.	14	**Property**	
Boots Drug	15	Lex Service	7	Brit. Land	3½
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lots"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr.	10	Town & City	1¼
Distillers	15	Midland Bank	25		
Dunlop	7	N.E.I.	12	**Oils**	
Eagle Star	11	Nat. West Bank	22		
E.M.I.	14	Do. Warrants	10	Brit. Petroleum	45
Gen. Accident	17	P & O Dfd.	8	Burmah Oil	5
Gen. Electric	18	Plessey	6	Charterhall	3
Glaxo	40	R.H.M.	5	Shell	28
Grand Met.	9	Rank Org. 'A'	18	Ultramar	20
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	**Mines**	
G.K.N.	22	Tesco	4	Charter Cons.	12
Hawker Sidd.	20	Thorn	22	Cons. Gold	14
House of Fraser	12	Trust Houses	15	Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday November 16 1978

Fears of recession as OECD talks start

BY ROBERT MAUTHNER PARIS, Nov. 15.

FEARS OF a world recession next year, as a direct result of President Carter's recent anti-inflation package, will cast a shadow over the two-day meeting of the OECD's high-level Economic Policy Committee, starting here tomorrow.

Most of the forecasts prepared by the OECD Secretariat for the meeting of officials from member countries, will have to be revised as a result of the latest U.S. measures which, it is widely believed, will result in a slower rate of growth in the Western world than was originally predicted.

The concerted recovery programme adopted at the Western Economic summit in July, while still basically valid in the eyes of the OECD Secretariat, clearly needs to be reviewed in the light of the latest international developments. For the U.S. growth rate, which President Carter said was likely to be about 4 per cent next year, will almost certainly fall well short of this figure.

While U.S. officials are still talking publicly of a 3 per cent growth rate next year, private forecasting institutes are predicting a year-on-year increase of no more than 2 per cent, with growth declining even more in the second half of next year at an annual rate.

The OECD Secretariat is plainly in a quandary. Having urged the U.S. to concentrate on lowering inflation and bringing its current account into balance, it can hardly complain about the steps taken by the American Administration.

But there are serious doubts that the expansionary measures taken by West Germany and Japan, even if they are fully implemented, will compensate for the depressive effect on the world economy of the U.S. anti-inflationary package.

International officials are not even convinced that President Carter will achieve the goals which he has set himself. They point out that, over the past year, the U.S. balance of payments has benefited from low raw material import prices, a falling dollar rate and stable oil prices.

Commodity prices however, are rising again and an early substantial increase in oil prices is a virtual certainty. While it was originally thought that oil prices might go up by no more than 5 to 7 per cent, this estimate is now considered to be over-optimistic. The experts at OECD headquarters here are working on the assumption that the rise will probably be about 10 to 15 per cent.

Since a 5 per cent rise in oil prices is estimated to cause a deterioration of $2bn in the U.S. payments balance, it is considered improbable that the U.S. will manage to attain its target of cutting the current account deficit by about half next year, from the $17bn-$20bn range, even if growth falls to 2.5 to 3 per cent.

"We are in for a tough time," a high official said. "We can only hope that there is enough momentum in the West German and Japanese economies to prevent too serious a recession next year."

Government to put £52m into Belfast car plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE Government is to provide £52m towards the setting-up of the De Lorean sports car project in West Belfast, and Group Lotus, the British specialist car concern, is to help with design and engineering.

The Government will receive a payment for every car produced —£185 for each of the first 90,000 and £45 a car from then on.

If De Lorean Motor achieves its forecast production rates of 20,000 in the first year and 30,000 a year subsequently, the Exchequer will get its money back in 30 years.

The scale of the Government's contribution is much larger than first mooted when the controversial scheme, the brainchild of former General Motors executive Mr. John Z. De Lorean, was first announced in August.

It works out at £26,471 for each of the 2,000 jobs to be created by the project in one of the UK's worst unemployment blackspots.

De Lorean Motor is expected to provide about £20m as its share of the project cost.

Full details will be announced today of a link with Group Lotus for completion of the design and engineering of De Lorean's DMC-12 sports car, which is aimed mainly at the American market.

It is understood that work on prototypes has begun at the Lotus plant and that a joint Lotus-De Lorean engineering team is to be established. This should speed the process of bringing the new car to the market.

Mr. De Lorean, who had a meeting with Mr. Roy Mason, the Northern Ireland Secretary, in New York on Tuesday, said last night that De Lorean Motor had agreed to use its "best efforts" to replace the British Government's £17.757m of equity capital with U.S. financing after a time.

He had hoped to file necessary documents with the U.S. Securities and Exchange Commission this week, but this might be delayed because some suppliers had not yet provided all the information needed and some "technical work" still had to be done.

Mr. Don Concannon, Minister of State for Northern Ireland, gave details of the Government investment to the Commons yesterday.

The Northern Ireland Development Agency was committed to an equity investment of £17.757m. Grants of £18.718m would be given by the Northern Ireland Department of Commerce towards the cost of factory construction and plant, machinery and equipment, and £9.75m in employment grants in respect of the first 1,500 employees; and loans of £6.718m towards the cost of factory construction (secured by a first charge on the factory premises).

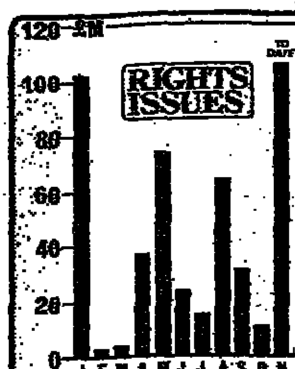
No rent will be charged for the first three years on the existing factory which is being leased from the Department.

THE LEX COLUMN

Prescribing a cash cure at Beecham

Although the credibility of the new Treasury economic forecasts suffers from the political need to assume 7 per cent earnings growth, the clear picture emerges of an obstinately high borrowing requirement. At £8bn, however, the 1978-79 PSBR estimate is £0.5bn lower than the Red Book version last April, and there have been more pessimistic estimates in the City than the Treasury's £8.5bn for 1979-80.

Index fell 11.9 to 475.6



Beecham Group

Beecham does not often ask its shareholders for money (the last time was 23 years ago) so there must be good reasons for the surprise one-for-ten rights issue at 560p announced yesterday. All the same, there were one or two unkind remarks around the City yesterday for a group which has passed up what, in terms of market conditions, were better opportunities for a rights issue in the past couple of years (refusing, for instance, to use this as a way round dividend controls). Instead, Beecham has chosen a time to suit itself—even though its shares have been under something of a cloud because of difficulties over Amoxycillin patents and prices in the U.S. But in fact the institutions were happy enough to sub-underwrite the issue. They pocketed around £1m. which Beecham could have saved if it had chosen non-underwritten terms of one-for-five at 280p.

Why does a group which showed net liquid resources of £84m in its last balance sheet need cash? Beecham explains that the existing cash is all overseas, whereas its biggest commitments are now in the UK. Against UK trading profits of £26m last year, it is paying out around £30m in dividends, and its UK fixed investment plans average £35m annually for the next three years. It also recently paid £14m for a UK acquisition, Scott and Bowne. Apparently Beecham does not want to repatriate funds unless there is no alternative. A secondary reason for expanding the equity base is that on some of the more rigorous formulae the group's gearing can be made to look moderately high—funded debt, for instance, is 39 per cent of capital employed net of goodwill—and the U.S. bond market could now be a little easier to tap.

Fair enough, given that this is anyway a light issue. But the market likes a sweetener, and it did not find one in the promised 15 per cent dividend rise or in the modest first half profits growth rate which, at 10 per cent, is Beecham's slowest for quite a while. The shares lost 27p to 623p, about twice the drop which could have been explained by the general market movement.

Woolworth

As so often before, Woolworth's results are slightly disappointing: third quarter pre-tax profits rose only 3.5 per cent to £10.45m. Despite some volume gains gross margins are under pressure as supermarkets, moving away from food, increasingly impinge on some of the group's traditional consumer goods business. It is encouraging, though, that the company is at last planning to raise capital spending—by 50 per cent next year to £27m.

Even if Woolworth again does well in the vital Christmas quarter and shows pre-tax profits of £54/55m for the year, subsequent progress may be very slow. The chief attraction of the shares remains the yield, a historic 9.2 per cent at 67½p.

Chloride

Chloride's interim pre-tax profits have jumped from £7.2m to £12.1m. However, £3m of the improvement reflects the absence of last year's strikes and compared with the outturn a couple of years ago, when the company earned £10.8m, the performance does not look too impressive. In the intervening period, for example, sales have risen three times as fast as profits.

In terms of sales volumes Chloride seems to have done remarkably well, recovering its market share in the aftermath of last year's nine week strike. In Europe, which takes in the UK, industrial battery sales volume is claimed to be up by a massive 70 per cent and in the case of automotive batteries the growth is of the order of 30 per cent. Even after adjusting for the distortions caused by the strike Chloride reckons that in volume terms sales of its motive power units (which go into fork lift trucks, milkfloats, etc.) have risen by a third over the last couple of years.

Clearly, raising sales volume is not a problem. But in Europe, Chloride is fighting to win market share and profit margins are suffering, as they are in the U.S. For the full year Chloride should make upwards of £30m (against £25.1m). However, it needs to improve its margins if it is going to refurbish its growth image. At 111p the shares yield 7 per cent.

Philips

The "Dutch disease" has severely affected Philips' third quarter figures. Despite the fact that group sales volume is up 8 per cent in the three months, net profit shows a decline of 14 per cent to Fl120m. The most important factor has been the weakness of the dollar against the guilder—evidenced by the increase from Fl75m to Fl130m in the item "other charges."

But Philips is also citing continued cost increases and stiffer competition in Europe, the group's main area of operation. According to figures released by Philips, U.S. and Japanese labour costs are now only about 80 to 85 per cent of those in Holland. This contrasts dramatically with 1970, when it calculates U.S. costs were more than double those of Holland. An internal study of group operations in Holland has concluded that Philips may have to shed almost 25 per cent of its 85,000 workforce there in the next 12 years—unless new products are developed.

Philips' shares dropped 30 cents in Amsterdam to Fl24.60 —near to the low for the year. Forecasts of net profit for the year may now be trimmed back to around Fl640m—about the same as last year. Nevertheless the shares have their atractions on a prospective p/e of over 7, with a yield of 7.3 per cent.

U.S. warning to partners over trade subsidies

BY REGINALD DALE GENEVA, Nov. 15.

THE U.S. today stepped up the pressure on its main trading partners as the troubled Tokyo round of international trade talks went into its final phase.

Mr. Alan Wolff, U.S. deputy special trade negotiator, warned that the Administration might decide not to present Congress with the outcome of the round —the world's most comprehensive-ever trade negotiation—if other countries did not agree to satisfy new rules on Government subsidies that distort the flow of imports and exports.

Without Congressional ratification, the five-year-long effort to revitalise the rules of world trade, and ward off protectionism in the coming decade, would collapse.

The subsidies issue was "on a knife edge," with no room for manoeuvre on either side, Mr. Wolff said. U.S. officials later confirmed that if other countries would not accept a subsidies agreement, there was "no deal."

The warning came as representatives of the world's leading economic powers began three days of intensive negotiations aimed at putting the round back on course.

Mr. Robert Strauss, the U.S. special trade negotiator, has made it clear he will be pressing the other main participants—the EEC and Japan—to set the stage in the coming days for a comprehensive package agreement by the end of the year.

The talks received a severe jolt last month when the U.S. Congress failed to extend legislation freeing the Administration of an obligation to impose countervailing duties on subsidised imports. The EEC partly retorted that it would not negotiate under the threat of a trade war.

Now that tempers have cooled, however, Community officials appear to be acknowledging that the Nine over-reacted to the lapse by Congress, which was almost certainly not deliberate. The countervailing duty waiver runs out in early January, before Congress has another chance to renew it.

Waiver problem

The U.S. has been making big efforts over the last few days to convince its partners that the difficulty is not insoluble, and Mr. Strauss will doubtless make the point again this week. Nevertheless, Administration lawyers in Washington are still trying to find a legal way of coping with the problem.

The Community, following Mr. Strauss's visit to Brussels last week, is far from fully satisfied with Washington's assurances. But the European Commission, which negotiates on behalf of the Nine member states, now seems increasingly inclined to press ahead regardless. Commission officials today said they intended going as far as possible over the next few days, and suggested that final approval of the outcome might be left until January, when the Community can see whether the waiver problem has been solved.

This means that next week's Brussels meeting of the EEC Council of Foreign Ministers could be crucial in deciding the fate of the Tokyo round. Herr Wilhelm Haferkamp, the Commissioner for External Relations, will be reporting on this week's talks and seeking fresh guidance from Ministers. All parties still agree that a package could theoretically be agreed by about the end of the year, given the necessary political determination.

The main outstanding problem areas remain subsidies and countervailing duties, agricultural trade, and rules governing the use of safeguard clauses against cheap imports.

Farm support freeze urged by Gundelach

BY MARGARET VAN HATTEM BRUSSELS, Nov. 15.

MR. FINN OLAV GUNDELACH, the EEC Agricultural Commissioner, is expected to press for an across-the-board freeze on farm support prices in next year's farm price review.

Broad proposals for a general freeze, supplemented by measures to bring milk supply back into line with demand and to give direct financial aid to the hardest-hit dairy farmers, are almost completed.

They will go before the EEC Commission on November 29 when they are not expected to meet strong opposition, and to the EEC Heads of State meeting in Brussels on December 4 and 5. A more detailed set of proposals is expected to go before agriculture ministers meeting here on December 11 and 12.

In initial discussions on prices last week, the EEC Commision came out in favour of a very tight prices policy, continuing the trend of the past two years.

It is suggested that although a price freeze — the first since 1971 — would meet strong protests from the farm lobby, the case for price rises is particularly weak this year.

Dairy products and sugar are still heavily in surplus and the so-called "objective method" used each year to calculate the farm price rises needed to offset mounting costs indicates a marginal rise for next year, compared with a rise of more than 4 per cent in 1980.

The Commission and farmers' organisations are said to agree on this point.

Although Mr. Gundelach has not publicly stated his intentions, he gave some indication of his thinking at a private meeting in Brussels last Friday with COPA, the organisation representing EEC farmers' associations.

Mr. Gundelach is said to have told COPA that the endemic EEC problem of high food surpluses had been aggravated by this year's record harvests, reinforcing the need for a tight prices policy.

He hinted that the wide regional disparities in farm incomes might be attacked through a form of incomes policy, with direct aids for the less-privileged farmers.

On the question of "green currencies"—the exchange rates used to convert support prices from units of account into national currencies—Mr. Gundelach is believed to be reserving his judgment until it is clear how many countries plan to join the proposed European monetary system (EMS), and when.

The wide disparities in green rates allow weak-currency countries to devalue their green rates, and thus raise prices.

In the unlikely event of all EEC members joining the EMS, a radical attack on green currencies would be possible. Otherwise, a minor green rate devaluation may be proposed.

Britain attacks butter sale to Russia, Page 39

Ford concession in peace talks

BY ALAN PIKE AND ARTHUR SMITH

FORD MANAGEMENT last night offered an important concession in an effort to make its proposed attendance payments plan more palatable to employees who rejected the company's "final" pay offer earlier this month.

The company told union leaders when negotiations resumed that workers who failed to arrive on time would lose the attendance allowance—worth up to £4 per week—only if they were guilty of persistent lateness leading to suspension.

Under the original proposals employees who were more than 5 minutes late or late more than once a week, would have lost the bonus.

Ford did not raise its basic pay offer, averaging 9.75 per cent, during yesterday's talks and the negotiations adjourned after eight hours and will resume tomorrow.

During discussions on the attendance plan, which the company sees as an essential way of improving productivity and efficiency, Ford also offered to relax the conditions under which men who were absent with permission or sick, would lose the bonus. The company remains determined however that workers would not receive attendance payments for any week, during which they were involved in strike action, official or unofficial.

Yesterday's concessions offered by the company on the attendance plan will be welcomed by employees.

The fact that the two sides are meeting again tomorrow, give some cause for hope that the two-month long Ford strike may now be coming closer to a solution. However, shop stewards on the negotiating committee are unlikely to see the changes in the attendance plan as sufficient reason to recommend acceptance of the company's 17 per cent total package

The combined effects of the Ford strike and BL's troubles in Birmingham are now leading to layoffs in component suppliers.

Lucas Electrical announced yesterday that five of its 14 factories in the Midlands would be forced to go on short-time from the middle of next week. Thousands of employees will be affected by the move which, said the company, had been "delayed until the last possible moment."

GKN Sankey has told trade union leaders that 300 redundancies will be necessary at factories in Bilston and Telford, partly due to the Ford strike and partly to the recession in the world tractor market. Guest Keen and Nettleford also warned that continuation of the stoppage at BL's Drews Lane component plant could lead to short-time working and lay-offs.

The number of workers made idle by the strike at a BL Cars components plant was approaching 30,000 last night. Shop stewards at Drews Lane meet today to prepare a report for a mass meeting of the 3,500 strikers likely to be held in the next few days.

Continued from Page 1

Healey: No more talks

any fresh proposals for a new anti-inflation policy to fill the vacuum left by the trade unions' rejection on Tuesday of the joint TUC statement with the Government.

Instead, it repeated its belief that the right course for the Government is to relax the implementation of its 5 per cent limit while adhering to that figure as a broad target.

The confederation also produced a five-point list of demands:

1—The Government should say where it stands on its pay White Paper and should "show firmness" in public sector pay negotiations.

2—The Government should stick firmly to its money supply targets and "rein back" public spending plans, while urging moderation in pay settlements.

3—It should agree in talks that will take place soon with the confederation to at least allow arbitration on the implementation of public sector business contract pay clauses.

4—It should also spell out how it intends to interpret the impact of pay rises on prices when deciding whether to operate the clauses and other sanctions.

5—It should start immediate talks with both sides of industry on hte long-term reform of pay bargaining, including the creation of a national economic forum to stiumlate public debate and understanding about pay issues.

In spite of expressing concern about the "damage" that Tuesday's union rejection would cause, the confederation was still pleased that there was to be no joint statement.

"We believe that the talks on the joint statement should not be renewed," said Sir John Methven, the director-general.

"Parts of the statement are wholly unacceptable to employers and parts of it are seriously ambiguous. Taken as a whole, it could be seen as a weakening of the Government's determination to hold to its counter-inflation policy."

Bonn expects only UK to say 'no'

Continued from Page 1

were an Italian he would not go for wider margins at all, but that does not meet Italy's particular difficulties. A formula has to be found to ensure that Italy does not appear to be a second-class participant in the system but rather a member, with full rights and duties, that has temporarily taken advantage of the technical possibility specifically built into the system.

Ireland, the other conceivable non-participant, has made clear to the West Germans that it does not want wider margins, but it does need funds to develop its economy. Bonn has promised active support for subsidising the interest rates of loans from the European Investment Bank and perhaps from other Community facilities.

If that Community course became more blocked, Bonn would also support provision of funds specifically for Ireland (and Italy) from the resources of countries participating in the system. Ireland wants £650m over five years—more, if Britain stays out of the system. The current view is that Ireland will receive enough of what it says it needs to persuade it to become a member.

West Germany is also well aware that more resources might be devoted to the Community's regional and social funds if a more restrained attitude were taken in the annual agricultural price-fixing—which would help to cut surplus production and hence the cost of storage and disposal.

The question is whether such a step can be decided by the European Council in less than three weeks' time. That is unlikely. But moves towards that are seen as desirable and will become essential as the Community approaches enlargement to the south.

Bonn sees other technical matters involving operation of the system as approaching resolution in a way satisfactory to itself and, just as important, to the Bundesbank.

That goes, above all, for central bank intervention, the West Germans have firmly opposed any formula that might have forced the Bundesbank to intervene alone in the system, forcing up domestic money supply and inflation.

A formula has been agreed with the French and, it is expected, will be approved by other system members, to ensure that such unilateral intervention will not be compulsory.

It cannot be maintained that all French and West German officials have seen eye to eye all this year on the technical details. But the shape of what is now emerging appears to coincide with the original vision of the system's instigators—Herr Schmidt and President Valery Giscard d'Estaing of France.

Peter Riddell, writes: Mr. Denis Healey, the Chancellor, had talks with Herr Manfred Lahnstein, the State Secretary of the West German Finance Ministry, about the European monetary proposals.

It is the first senior-level Anglo-German meeting since the heads of Government summit in Bonn at the end of last month, and thus the first discussion since it became clear that the UK was unlikely to join the scheme as at present constituted.

Yesterday's meeting had no specific agenda but the talks were expected to cover the remaining differences on the intervention mechanism, the size of the credit facilities and the so-called concurrent studies on the Community budget and the regional and social funds.

There has recently been an intensive series of bilateral meetings aimed at ensuring that the remaining detailed differences on the monetary scheme can ber esolved at next Monday's meeting of finance ministers in Brussels.

Weather

UK TODAY

MAINLY dry with rain or drizzle later.

London, E. Anglia, E., S., central N. England, Channel Islands, Midlands
Dry, becoming cloudy, rain later. Max. 10C (50F).

W. England, Wales
Cloudy, rain later. Max. 11C (52F).

Lakes, Isle of Man, W. Scotland, N. Ireland
Cloudy, some rain. Max. 9C (48F)

N.E. England, Borders, Central Scotland
Dry, cloudy, rain later. Max. 8C (46F).

N.E. Scotland, Orkney, Shetland
Showers. Max. 6C (43F).

OUTLOOK: Cloudy and mild.

● **Long-range forecast:** Contrasting spells of cold and mild and dry and wet weather, with one or two stormy periods. Temperatures near average. Rainfall average in central and S. England and S. Wales.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	S	10	50	Madrid	S	12	54
Athens	S	16	61	Manchstr.	C	15	59
Bahrain	S	25	77	Melbourne	C	16	61
Barcelona	S	17	63	Mexico C.	S	20	68
Belfast	R	9	48	Milan	S	9	48
Belgrade	C	0	32	Montreal	C	4	39
Berlin	S	9	48	Munich	S	13	55
Birmghm.	R	14	57	Newcastle	R	15	59
Bristol	C	14	57	New York	S	11	52
Brussels	S	11	52	Oslo	C	7	45
Budapest	C	0	32	Paris	F	8	46
B. Aires	S	20	68	Perth	H	20	68
Cairo	S	22	72	Prague	S	8	46
Cardiff	C	14	57	Reykjavik	F	1	30
Chicago	S	9	48	Rio de J'o	C	29	78
Cologne	S	10	50	Rome	S	18	64
Copnhagn.	C	10	50	Singapore	S	30	86
Dublin	R	10	50	Stockholm	S	9	46
Edinbrgh.	R	14	57	Strasbrg.	F	9	48
Frankfurt	C	7	45	Sydney	S	22	72
Geneva	Fg	4	39	Tehran	S	10	50
Glasgow	R	12	54	Tel Aviv	S	19	66
Helsinki	F	5	41	Tokyo	S	19	66
H. Kong	C	22	72	Toronto	C	4	39
Jo'burg	S	23	73	Vienna	C	0	32
Lisbon	S	15	59	Warsaw	C	9	48
London	C	13	55	Zurich	Fg	4	39
Luxembrg.	C	7	45				

HOLIDAY RESORTS

Ajaccio	S	18	64	Jersey	C	13	55
Algiers	S	20	68	Las Plms.	S	24	75
Biarritz	S	20	68	Locarno	S	12	54
Blackpool	R	13	55	Majorca	S	19	66
Bordeaux	S	13	55	Malaga	S	19	66
Boulogne	C	9	48	Malta	S	18	64
Casablnca.	S	22	72	Nairobi	R	20	68
Cape Town	S	20	68	Naples	F	17	63
Corfu	S	18	64	Nice	S	20	68
Dubrovnik	S	17	63	Nicosia	S	19	66
Faro	S	21	70	Oporto	S	18	64
Florence	S	19	66	Rhodes	S	19	66
Funchal	S	21	70	Salzburg	S	12	54
Gibraltar	F	19	66	Tangier	S	22	72
Guernsey	C	14	57	Tenerife	S	21	70
Innsbruck	S	9	48	Tunis	F	19	66
Inverness	R	5	41	Valencia	S	18	64
I. of Man	R	13	55	Venice	S	15	59
Istanbul	F	11	52				

C—Cloudy. F—Fair. H—Haze. R—Rain. S—Sun. Fg—Fog.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.